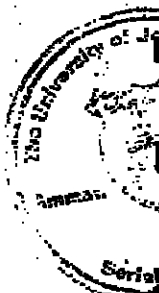




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**Israeli
hoopsters
bounce
Czechs**
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Volcker won't seek third term in September U.S. bank chief to go—news shakes dollar

Post Economic Staff
World financial markets regained a measure of stability yesterday after plunging dramatically on Tuesday in the wake of the bombshell announcement that Paul Volcker had declined a third term as a chairman of the Federal Reserve Board.

In early trading in New York, the dollar firmed against other major currencies, helped by intervention from central banks. It opened at 142.7 yen, compared with its Tuesday close of 141.3, at 1.804 Deutschmarks, up from 1.795 and 1.4900 Swiss francs, up from 1.4775. Against the sterling, it was trading at \$1.6404, up from \$1.6488 on Tuesday.

This continued the recovery that had begun earlier in Tokyo and on the European exchanges, as investors and dealers began focussing on Volcker's replacement, 61-year-old Alan Greenspan. Tuesday's dollar plunge, which echoed on Wall Street, reflected primarily the shock of Volcker's departure, after consistent rumours in preceding days that he would accept a plea from President Reagan to stay on for a third four-year term, beginning next September.

That plea was never made and, in a surprise news conference on Tuesday, Reagan announced that he was nominating

Greenspan to take over. Greenspan is not expected to have difficulty in the Congressional confirmation process, and his appointment would make Reagan the first president in 40 years to have nominated all the members of the Federal Reserve Board, the equivalent of a central bank in the U.S. monetary system.

"While Paul Volcker's retirement is a real loss, this country is very fortunate to have a man of Alan Greenspan's calibre to take his place," said Senate Minority Leader Robert Dole, of Reagan's Republican party.

The near-panic reaction to Volcker's departure demonstrated the standing he had achieved over the past eight years since being nominated by then-president Jimmy Carter. Coming to office in a period of high inflation and loss of confidence in U.S. economic policy, Volcker won an unmatched reputation as an inflation-fighter through the implementation of tight money policies that saw interest rates reach unprecedentedly high levels.

Volcker was often referred to as "the second most powerful man in America," at least in economic affairs, and periodic suggestions in recent years that he might resign had consistently sent shock waves through world money markets.

Administration officials were at pains yesterday to stress that the change of chairman would not result in new policies at the Fed. In a news conference broadcast worldwide yesterday, U.S. Treasury Secretary James Baker said Greenspan would follow Volcker in giving priority to keeping inflation under control. "I don't think we'll see any substantial changes in monetary policy because of Volcker's departure," Baker said, in remarks apparently aimed at calming the jittery financial markets.

Greenspan's record is impressive and his reputation is that of a conservative. He was chairman of former president Gerald Ford's Council of Economic Advisers and recently chaired a presidential "blue ribbon" commission that recommended ways to overhaul the financially troubled Social Security system.

But analysts in the U.S., and especially abroad, remain concerned that Greenspan is too close to the Republican party, and will therefore be less able to resist political pressure to let interest rates fall to boost the fragile U.S. economy in the run-up to the November 1988 presidential election.

(Continued on Page 7)

Government moves to ease turmoil in battered service Judges dominate Shin Bet probe commission

**By MENACHEM SHALEV
Jerusalem Post Reporter**
The appointment Tuesday of a judicial commission of inquiry into the Shin Bet's investigation procedures has freed government leaders to concentrate on easing the turmoil that has wracked the security service in recent weeks.

Supreme Court President Meir Shamgar informed Prime Minister Shamir that he had appointed former Supreme Court president Moshe Landau, State Comptroller Ya'acov Malz and former Mossad head Yitzhak Hafi to the judicial probe. The commission is expected to start its deliberations in a few weeks.

Senior legal sources yesterday stressed the "heavy judicial makeup" of the commission, which is composed of two former judges. They said that no former executive of the Shin Bet had been appointed to it, since the commission may probe the service's procedures over several decades.

Last week, senior government leaders met with the head of the Shin Bet to discuss ways of calming tempers in the service. The officials expressed concern at the atmosphere of "near rebellion" in some parts of the service, which surfaced publicly last week when Shin Bet investigators decided not to cooperate with the police team probing the Izzat Nafsu affair.

The judicial probe is expected, among other things, to call for testimony from past and present Shin Bet executives and operatives. Many of those involved in the Nafsu case and related incidents are now looking for lawyers to represent them before the commission.

The Shin Bet is concerned that the preoccupation of many of its current operatives with the various investigations may seriously hamper the service's effectiveness.

The Supreme court registrar, judge Shmuel Zur, who is in charge of coordinating the technical facilities for the commission, estimated last night that it would take "weeks" before the commission could formally begin its work.

But commission members are expected to meet in the next few days to plan their investigation. They are expected to draw up a tentative list of witnesses and may decide to appoint personnel to interview the prospective witnesses before they are called to testify.

Zur said that the commission will establish its own rules of secrecy. It may theoretically decide to keep even its meeting place and list of witnesses secret.

Landau, 75, will serve as the commission's chairman. He served as a Supreme Court judge for 29 years, retiring in 1982 after serving for a year as president of the court.

Landau recently turned down the government's proposal to investigate the Pollard affair, claiming that the scandal should be probed by a body with judicial powers. The appointment was subsequently accepted by attorney Yehoshua Rottenreich.

Landau was a member of the 1973 commission of inquiry headed by former Supreme Court president Shimon Agranat which probed the failures of the Yom Kippur War.

The investigating team comprising former state comptroller Yitzhak Tunkin and former Mossad head Zvi Zamir, which was appointed by Shamir two weeks ago to probe the Shin Bet, will now disband. Shamgar chose not to appoint the two to the new probe, and Tunkin said yesterday that Landau's commission has "unequaled public stature." Tunkin added that his team was "appointed by the executive branch," while the Landau probe was picked by the judicial branch, "and this makes a big difference, on which there is no need to elaborate."

Hafi, 60, currently the chairman of the Israel Electric Corporation, served for eight years as head of the Mossad and as OC Northern Command during the Yom Kippur War. He was the first witness to testify in 1982 before the Kahan Commission which probed the massacres at the Sabra and Shatila refugee camps in Beirut. The Mossad under Hafi was widely viewed as the main advocate of Israel's ill-fated alliance with the Christian Phalangists in the Lebanon War.

(Continued on Page 2, Col. 3)



Traders at the Chicago Mercantile Exchange go wild on Monday as the U.S. dollar tumbles against major European currencies. (APF)

Wheat deal seen as 'slap' to Rabbinate

**By HAIM SHAPIRO
Jerusalem Post Reporter**
It may be difficult to understand how a decision by the U.S. Department of Agriculture to sell cheap wheat to Israel can be a "slap in the face" to Israel's chief rabbis, but ultra-Orthodox circles are saying it is just that.

According to a ruling by the chief rabbis, Jewish farmers, who are commanded by the Torah to leave their fields fallow during the sabbatical (*shmita*) year now under way, may "sell" their fields for the year to a non-Jew.

But many Orthodox and ultra-Orthodox Jews do not accept this ruling, and the number of those who spurn the religious guidance of the chief rabbis, Israel's official Jewish religious authority, is apparently growing.

Rabbi Elazar Shulzinger, a spokesman for the Lithuanian ultra-Orthodox yeshiva circles of Bnei Brak, told *The Jerusalem Post* that it is not only on matters of *shmita* that many Orthodox and even modern Orthodox knitted-kippa wearers regarded the rulings of the chief rabbis as suspect. In the realm of kashrut inspection too, he said, many would only accept the certification of the *Badatz* ("court of justice") of the ultra-Orthodox *Eda Haredit* or of the equally scrupulous *Rabbi Moshe Landor* of Bnei Brak.

"Even the snack bar of the Knesset has the kashrut certificate of the *Badatz*," Shulzinger said, adding that this, like the wheat deal, was a "slap in the face" of the chief rabbinate.

The deal, arranged by Habad Hassidim through their connections in Washington, made it possible for Israel to buy U.S. wheat at the price paid by some European buyers in order to avoid using wheat grown here according to the chief rabbis ruling. But activists in the National Religious Party have been pressing industry and Trade Minister Ariel Sharon not to approve the purchase, because they see it as an affront to the chief rabbinate, which in their view symbolizes a deep and meaningful link between the State of Israel and Jewish religious life.

Last night Likud MK Miriam Glazer Ta'asa joined the chorus of (Continued on back page)

Sri Lanka turns back Indian ships

COLOMBO. — The Indian relief flotilla which was heading for the Jaffna peninsula in northern Sri Lanka has turned back, a government spokesman said last night. "We were adamant that they cannot be allowed to come to Jaffna and the boats are going back," he said.

Twenty boats carrying food, fuel and medicines for the people of Jaffna were stopped earlier yesterday by Sri Lankan patrol boats as the flotilla entered the island's waters.

On Tuesday the Sri Lankan government accused Tamil separatist guerrillas of murdering 33 people, including 29 Buddhist monks, on Tuesday in the latest massacre in Sri Lanka's bloody ethnic conflict.

A government spokesman said guerrillas believed to belong to the Liberation Tigers of Tamil Eelam stopped a bus in the eastern district of Amparai, about 200 km. from Colombo, and killed the passengers.

"It was the biggest massacre of Buddhist monks from Sri Lanka's majority Sinhalese community, which is overwhelmingly Buddhist. At least 6,000 people have been killed since the fighting began four years ago.

The killing of Sinhalese priests and civilians followed charges by Tamil rebels and the Indian government that Sri Lankan troops in the Jaffna Peninsula killed hundreds of Tamil civilians in an eight-day offensive against the Tigers.

Sources in Sri Lanka estimate that 350 people have been killed in the current government offensive, including about 170 civilians. Some Tamil groups claim 1,000 civilians have been killed.

The Colombo government said in a statement that two large vessels suspected of being military craft were behind the convoy of fishing boats bringing food and fuel, but this could not be confirmed. Sri Lanka condemned the Indian move as an invasion of its sovereignty.

India yesterday accused Sri Lanka of deliberately obstructing the Indian relief flotilla.

A spokesman at India's External Affairs Ministry said Sri Lankan naval vessels had stopped the flotilla near the Kachchhativu Islands, but added that he was not sure if it was within Sri Lankan territorial waters.

"We are seriously concerned and deeply distressed that on one pretext or another, the Sri Lankan Navy is deliberately preventing the convoy from moving forward," he told reporters. (Reuters, AP)



Tamils taken prisoner by the Sri Lankan army sit under guard in the port of Jaffna yesterday. (Reuters)

Acting premier faints at graveside Thousands attend Karamah funeral

TRIPOLI (AP). — Tens of thousands of mourners chanted the Muslim invocation, "La ilah illa Allah" (there is no God but Allah), as they marched behind assassinated prime minister Rashid Karamah's casket here yesterday.

Pealing church bells and recited verses from the Koran echoed across this Syrian-ruled Lebanese port city as the funeral procession marched slowly towards the Mansouri mosque for prayers. After the noon prayers Karamah was buried next to his father, Abdul Hamid Karamah, who was prime minister in 1945.

Recently appointed Prime Minister Salim Hoss, Syrian Vice President Abdul Halim Khaddam and Parliament Speaker Hussein Husseini marched behind Muslim clergymen followed by about 25,000 male mourners. Islam's sharia law bans women from funeral processions.

Hoss, 57, fainted as the body of his long-time friend, wrapped in a silver-grey shroud, was brought out of a wooden coffin and buried. Bodyguards and mourners sprinkled Hoss's face with rose water and helped him regain consciousness a few seconds later.

The women mourners, dressed in black with white scarves on their heads, watched from balconies and

ulated with grief as the procession passed by.

Thousands of Syrian troops in armoured personnel carriers or trucks and on foot patrolled the streets of Tripoli, 80 kilometres north of Beirut.

Karamah, a Sunni Muslim and a native of Tripoli, was killed in a bomb blast in an army helicopter Monday.

A hitherto unknown group of Islamic fundamentalists said yesterday it was responsible for assassinating Karamah.

An anonymous caller to an international news agency in Beirut said the group, the "Vengeance Organization for the Martyrs of Islam," had acted to avenge Syrian actions against fundamentalists in Tripoli.

The caller said the assassination was "in revenge for the Bab Tabaneh massacre and for Khalil Akkawi who was assassinated in Tripoli on February 9 this year."

Thirty people were killed and 60 wounded in the clash in Tripoli's Bab Tabaneh district between Syrian troops and Muslim fundamentalists in December, 1986. Akkawi was a member of the "mosques committee" of fundamentalists in Tripoli.

The absence of an official statement on who planted the bomb that killed Karamah or on how and where (Continued on back page)

Woman has fourth ambulance baby

TEL AVIV (Itim). — A woman who gave birth in an ambulance three times in the past did it again yesterday.

The ambulance driver who delivered the child had delivered the three others as well.

Driver Badrana Mari, of Sakhrin, was summoned to the home of Subbia Abu Yunis, 30. He got her into

the ambulance and, accompanied by her husband, headed for the hospital in Nazareth.

When they were near the village of Tibun, the husband said the birth had begun. Mari pulled over to the side of the road and delivered the baby, a boy.

It was Yunis's seventh child.

French researcher injects himself Aids vaccine safely tested

WASHINGTON (AP). — A researcher who injected himself with an Aids vaccine to be certain it was safe says it now has produced a modest boost in the immune systems of 10 Aids victims and 12 healthy people who have received it.

Some researchers feared that Daniel Zagury of the University of Paris would damage his own immune system by injecting himself with the experimental vaccine, which contains fragments of the virus that causes Aids.

But Zagury, reporting on his research on Tuesday at the third international conference on Aids, said none of the vaccine recipients has suffered immune system breakdown or other ill effects.

He cautioned, however, that it is still too soon to tell whether the improvements in the recipients' immune systems will be enough to improve the health of those with Aids or to prevent Aids infection.

Zagury used a smallpox vaccine that was genetically engineered to include fragments of the Aids virus. The vaccine produced immunity to two very different strains of the virus — an important finding that suggests a single vaccine might be able to protect against all strains of the virus, said Dr. Robert Gallo of the National Cancer Institute outside Washington DC.

The volunteers were Zairians who were treated in cooperation with the Zairian Aids research programme and with the sanction of its ethics committee and of the Zairian government, Zagury said.

In a study to be presented to the conference, researchers with the Federal Centres for Disease Control in Atlanta reported that the number of cases from heterosexual contact increased 135 per cent in 1986 while cases reported from homosexual or bisexual male contact rose about 80 per cent for the year.

"The larger percentage increases were among heterosexual men and women in geographic areas other than New York, California and Florida" — the previous Aids hotspots — CDC researchers said.

Another government report presented showed that of 29,582 Aids cases reported to the CDC between June 1981 and January 1986, nearly 17,000, or 57 per cent, have died.

The conference got off to a heated start when Vice President George Bush was jeered and Aids rights activists were arrested while demonstrating at the White House by police wearing bright yellow rubber gloves.

Bush was jeered and booed when he endorsed President Reagan's proposals, on Sunday, for routine Aids testing of prisoners, immigrants, and those who plan to marry.

But he was applauded when he said Aids tests results must be kept strictly confidential, a precaution that Reagan failed to mention in his speech on Aids.

The co-discoverer of the Aids virus told the conference that another deadly Aids-like virus has been found in Nigeria.

"We shouldn't panic," Dr. Gallo said of the discovery.

Gallo made his announcement before some 6,000 scientists and public health officials from more than 50 countries at the opening of the conference.

Gallo said the new and distinct virus has been detected in 10 cases in Nigeria sufficiently early to encourage hopes that a cure could be found. He gave no details of the new virus (Continued on Page 3)

Mubarak and Hussein review peace efforts

CAIRO (AP). — Egyptian President Hosni Mubarak flew home Wednesday after a one-day visit to Amman, where he discussed Middle East peace efforts, the Gulf war and other issues with King Hussein.

Speaking to reporters at Cairo Airport, Mubarak's political adviser, Osama el-Baz, said the president was convinced that progress towards peace will be evident soon. He said, however, that an international peace conference, which both Egypt and Jordan support, remains far in the future.

Jordan and Egypt have been pushing Israel and the U.S. to accept a conference on the Middle East sponsored by the UN. Other parties would include Syria, representatives of the Palestinians and the permanent members of the Security Council.

El-Baz said Egypt is in touch with the PLO. His comment was the first indication of such contact since Mubarak shut down the PLO's Egyptian offices in April after the Palestine National Council, meeting in Algiers, criticized Egypt's peace treaty with Israel.

Hussein and Mubarak last met on May 12 in Cairo. They have held repeated meetings, usually lasting less than a day, since Jordan restored relations with Cairo in 1984.

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GENEVA	8	14	18	Cloudy
HELSINKI	6	14	17	Cloudy
HONG KONG	27	31	34	Cloudy
JALANESBURG	9	14	18	Cloudy
LONDON	11	15	18	Cloudy
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MONTREAL	20	24	27	Cloudy
NEW YORK	20	24	27	Cloudy
OSLO	6	14	17	Cloudy
PARIS	11	15	18	Cloudy
RIO DE JANEIRO	11	15	18	Cloudy
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STOCKHOLM	7	14	17	Cloudy
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TORONTO	20	24	27	Cloudy
VIENNA	12	16	19	Cloudy
ZURICH	10	14	17	Cloudy

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THE WEATHER

Forecast: Partly cloudy to clear.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	49	13-21	22
Golan	43	12-24	25
Nahariya	—	—	—
Safed	—	—	19
Haifa Port	65	17-25	26
Tiberias	38	17-29	29
Nazareth	53	14-23	24
Afula	50	14-25	26
Shomron	49	14-23	24
Tel Aviv	58	—	24
B-G Airport	60	16-25	26
Jericho	39	17-31	31
Gaza	59	18-23	27
Beersheba	44	13-25	24
Eilat	22	22-31	32

MDA sanctions

Twice saved from death

By JUDY SIEGEL
Post Health Reporter

Avraham Seri, a 49-year-old Acre resident whose heart stopped while he was studying the Torah before dawn on Shavuot, was fortunate that when it happened, Magen David Adom medics were not on strike. An ambulance team, using drugs and administering electric shock, restarted his heartbeat and breathing, twice.

Last night he was reported in stable condition at Nahariya Hospital.

But the country's 700 MDA workers, who have not yet received their May salaries, again applied sanctions last night, manning only one ambulance in each of the 45 MDA stations around the country from 11 p.m. until 7 a.m. today. From 7 until 11 this morning, one ambulance plus one intensive-care ambulance will operate from each station. After 11 a.m., "God knows what will happen," the MDA spokesman, Moshe Dayan, said last night.

The country-wide emergency first aid and blood bank service lacks NIS 2.1 million to pay May salaries and withheld income taxes that it hasn't forwarded to the Treasury since February. MDA works committee chairman Eli Ben-Hassos, in a telegram to the prime minister, accused the finance and health ministers of "negligence" in dealing with the MDA dispute. A telegram was also sent to Histadrut Secretary-General Yisrael Kessar, asking for help from the labour federation, but no answer was received.

The ministries claim that MDA has received enough money, and have recently offered it only an additional NIS 400,000, which is insufficient to pay salaries. Some sources in the government have hinted at extravagant expenditure on cars and unnecessary hiring of administrative workers that have increased MDA's financial burden. MDA management has rejected these claims as "nonsense."

HOME AND FOREIGN NEWS

Courtroom duel in Lyon

Wiesel spars verbally with Barbie's counsel

By MICHEL ZLOTOWSKI
Jerusalem Post Correspondent and Agencies

LYON. — Holocaust survivor and Nobel Laureate Elie Wiesel testified in the Barbie trial here on Tuesday, producing dramatic events in court. According to French law, Wiesel was not allowed to read his testimony himself. Instead his lawyer did it for him, demonstratively turning his back to Barbie's counsel, Jacques Verges.

"I will try to speak about some of those who are absent, but not in their name," wrote the Nobel Peace laureate. "No one has the right to speak in their name... I feel no hatred for the accused... there is no hatred in me. This is only about justice. We have to render justice to memory."

Wiesel recounted his personal history and wrote in conclusion that "this trial is important not only for the survivors, their children and yours; it will weigh on the future... A justice without memory is... false and unjust. Forgetfulness would be an absolute injustice, as Auschwitz was an absolute crime. The enemy kills twice, the second time by trying to wipe out the traces of his crime."

Barbie's lawyer then rose to question Wiesel: "I have listened to the witness with great attention. In 1958, 15,000 children were starving to death in the camps in Algeria. What have you done for them?"

"I was then in the U.S. I would have protested had I been in Paris," said Wiesel.

"My conclusion is that the death of those children, their cries did not cross the Atlantic (...). Since you are an American citizen, what do you think of the fate of the children of My Lai? Their murderer is free to-

day," asked Verges. Keeping his calm, Wiesel said that he had protested every time he saw an injustice, and that he had done so about My Lai. "Have you heard about the massacre of children of Deir Yassin?" asked Verges.

"This is getting beyond the framework of this trial," intervened court president Judge Cerdini. "If Mr. Wiesel is willing to answer..."

"Yes, I am at one with Israel. I am proud of it," Wiesel replied. "It was the only country in the world that was ready to recognize an Arab Palestine. The Arabs did not want it. They imposed a war on Israel. This doesn't justify brutalities. I am against them, from wherever they come."

"One cannot be unconditionally on behalf of Israel," Verges retorted. "I asked a question about Deir Yassin and I have received no answer."

Wiesel said angrily that he "regretted that the lawyer of a man accused of such crimes dared to accuse the Jewish people! Is this all he has to say?"

A 78-year-old woman, crippled by Klaus Barbie's Gestapo aides said the former Nazi stood by as Jewish and Resistance prisoners were rounded up for the last train from Lyon to the German death camps. Barbie is accused of crimes against humanity including organizing that August 11, 1944 convoy during the last days of German control of Lyon.

Alice Vansteenberghe, helped up the nine steps to the witness box by police, said Barbie and four of his Gestapo aides were in the corridors of Lyon's grim Fort Montluc prison as guards rounded up women prisoners for transportation. The deportation of about 650 Jews

and Resistance fighters to concentration camps only three weeks before the liberation of Lyon is seen as the clearest indictment of Barbie, who faces life imprisonment if convicted.

Before walking out of court on May 13 on the third day of his trial, Barbie said he was absent from Lyon that summer day.

Vansteenberghe told the court she saw the defendant through a spyhole in the wooden door of her cell as Jewish women were reunited with their children prior to deportation.

"Children were returned to their mothers so they could be gassed at Auschwitz," she said. "I was in a Jewish women's cell. They were herding them out but said to me 'Nein, nein, nichte Jude' (No, no, you're not Jewish.)"

Vansteenberghe, who uses crutches, formally identified Barbie by a slightly disoriented small finger and a lump in his ear which she noticed while being tortured after her arrest.

"His features have not really changed. He did not have a face-lift," she said, referring to her meeting with Barbie at the interrogation before the trial.

A former doctor, Vansteenberghe said she was arrested for resistance activities and taken by the Gestapo on August 5 to a room with a fire, though it was a hot summer's day. In 15 minutes all her finger-nails had been ripped out and one of her thumbs broken, she said. Barbie later came in and helped his men hold her down on a table, stripped to her underclothes, while she was whipped and beaten. Two days later interrogation and beating resumed.

Five of her vertebrae were smashed. "I could no longer walk. I never walked again," she said.

No charges filed after Beduin faces 45 days of interrogation

A Beduin soldier who was detained for 45 days after reporting to the General Security Service that he had been contacted by a member of a terror organization was released recently.

The soldier, 21, of the Beduin town of Tel Sheva, near Beersheba, was held on suspicion of belonging to a terror organization and interrogated for 32 days by the GSS and for 13 days by police.

About a month ago, the soldier appeared in the Beersheba Magistrates' Court for a hearing to remand him in police custody. Police said the soldier joined a terror organization two years ago when he was imprisoned in the Damun Prison south of

Haifa. Later, after he joined the army, he met with a terrorist and proposed supplying him with stolen weapons, police said. The two arranged a second meeting, but the soldier was arrested before it could take place, police said.

Police said they had collected testimony showing that the soldier belonged to a terror organization.

The soldier's attorney acknowledged that his client had shared a cell with a terrorist, and said that the terrorist had told his client that he intended to recruit him. To avoid violence, the Beduin told his cell-mate: "I'll do whatever you say," the attorney said.

After the Beduin joined the army, the attorney said he was contacted by a terrorist who demanded that he supply the terror organization with a list of weapons and ammunition. "My client ran to the GSS to report the incident," the attorney said, "and he himself was detained."

The magistrates' court judge said he doubted whether the suspicious against the soldier had any basis. But because the investigation was "very, very complicated" and for the "suspect's own good," he ordered him remanded in custody for 15 days and banned publication of his name until the filing of an indictment.

Police released the soldier on the 13th day and filed no charges. (Itm)

Beit Jann wins decision

The National Planning and Building Council on Tuesday decided in principle to rezone 1,500 dunams of the Mt. Meron nature reserve to permit expanded construction by the mountaintop Druse village of Beit Jann.

The villagers have been conducting a protest strike for over 40 days, claiming that the reserve land adjoining their village had choked off any possibility of constructing homes for demobilized

Druse soldiers and schools and other public buildings. In the last few days some of the villagers have resorted to violence, starting fires in the reserve and chopping down trees.

The villagers have been confronting the government's Nature Reserves Authority over the land.

Likud and Labour ministers have been competing for the favour of Druse throughout the

country for whom the Beit Jann land dispute is of great importance.

The council's decision was announced by the Interior Ministry spokesman. The council said that Tuesday's decision had been taken in a speeded-up but legal procedure. It added that the Beit Jann local council had itself been to blame for delays in the approval of the rezoning of the land. (Itm)

IDF to investigate shooting of girl

By JOEL GREENBERG
Jerusalem Post Reporter

The IDF is investigating an incident in which soldiers shot and wounded a 14-year-old girl at the Balata refugee camp Tuesday after their truck was pelted with stones.

An IDF spokesman said soldiers riding in the truck jumped out of the vehicle and pursued the stone-throwers, calling on them to stop. When the youths continued to flee,

the soldiers "fired in the air," lightly wounding the girl in the hand.

Also on Tuesday, soldiers used tear gas and rubber bullets to disperse a stone-throwing crowd which gathered at Balata to protest against Sunday's massive IDF search of the camp.

The search followed a spate of demonstrations and disturbances and resulted in the arrest of 50 people. A curfew was in force until Tuesday night.

Security forces in the territories have been put on alert as widespread demonstrations are expected at Palestinian schools and colleges tomorrow, the 20th anniversary of the outbreak of the Six Day War.

Troops have been ordered not to intervene unless protesters leave campuses and create disturbances. A close watch will also be kept on mosques, where men will gather to participate in Friday services.

SHIN BET

(Continued from Page One)

In June 1983, Hofi created a political flap by criticizing the failure to appoint an adviser on intelligence matters to the prime minister, which was taken as criticism of then prime minister Menachem Begin. The adviser, whose appointment had been advocated in the Agranat report, was also supposed to oversee the activities of the Shin Bet.

In an interview with *Ma'ariv* early last month, Hofi criticized the country's political leaders for the recent security-related scandals, saying they had not dealt with the affairs "firmly and wisely." Hofi added that the Shin Bet needed "extraordinary leadership" to restore confidence in the service, which had been destroyed by the Bus No. 300 affair.

Hofi said that the bus affair was the "gravest event ever faced by the intelligence community." He maintained that operational effectiveness did not square with fabrication of evidence and that it would take a long time before the Shin Bet "could stand on its feet again."

If there is no confidence in the reports of a Shin Bet operative, the service will collapse," Hofi said.

Hofi also criticized the appointment of two non-judicial teams to probe the Pollard affair, saying that

the government was just "going through the motions [of an investigation]." A judicial team would have been the most straightforward way of handling it," Hofi said.

The intelligence community must be guided by clear-cut rules and regulations, but there was "no sure recipe" for avoiding deviations and mishaps, he said. "Central political supervision" of "each and every act of the Shin Bet" was not feasible.

The sources said that Hofi could represent the security service's needs "more than adequately" and that the commission's composition represented a "healthy balance" between the needs of security and those of the rule of law.

Malz, 61, was appointed state comptroller in February, having served previously as a Tel Aviv District Court judge and acting Supreme Court justice. He is scheduled to table the comptroller's annual report by the end of the month, and will probably hand over his duties as comptroller to the office's director-general during the period of the commission's work.

DRIVING. — The maximum price of a 40-minute lesson in driving a passenger vehicle will now be NIS 23,



Nobel Peace Prize winner Elie Wiesel, who testified at the trial in Lyons of Klaus Barbie, visited the city's Jewish Memorial of Deportation on Tuesday and noted a picture of himself taken at Birkenau concentration camp. (AFP)

Pro-Lavi argument winged by barrage from Bar-Lev

By JOSHUA BRILLIANT
Post Defence Reporter

TEL AVIV. — Highly placed military sources said yesterday they were very pleased with Police Minister Haim Bar-Lev's scathing criticism of the Lavi project, but did not believe those comments signalled its doom.

While Bar-Lev indicated the cabinet was likely to kill the ambitious project, minister-without-portfolio Moshe Arens, who was among its initiators, told *The Jerusalem Post* he still believed a majority would vote for it.

Bar-Lev's criticism appeared in an interview published in *Yediot Aharanot* on the eve of Shavuot. He called the project "one big mistake."

Israel is too small to produce such planes, he said, and he, as a former chief of general staff, was "definitely worried" the programme would be at the expense of other projects and would result in the IDF lacking modern weapon systems in five years.

"This project was a mistake from the very beginning," Bar-Lev was quoted as saying. "Design and production of the Lavi started without any long range planning, without

any reasonable policy and without a proper decision-making process."

"It wouldn't be so terrible if Israel were to produce 'the plane of the future,'" Bar-Lev added. But this is not the case, for the F-16, which already exists, is similar to the Lavi.

The financial aspect of the project was "one great scandal." No one knows how much the plane will cost, nor is there any agreement on what it would cost to scrap the programme. "One source [the IDF] says killing the project will cost \$400m., and another [Israel Aircraft Industries, the main contractor] says it will come to \$1.2 billion."

Bar-Lev said the programme had been launched because Arens, who was chairman of the Knesset Foreign Affairs and Defence Committee at the time, talked then prime minister Menachem Begin into going along with it. Arens, an aeronautical engineering professor, praised the plane. "Begin envisaged a respectable national project and said 'yes.' Since then this plane has been progressing without anyone being able to stop it."

Bar-Lev said he would oppose the

project's completion unless the funds were made available from sources outside the state budget.

"More and more ministers oppose this project and more will oppose it, if it will mean having to fire more teachers and forgoing dialysis for kidney patients in order to produce the Lavi."

"I state here today that I will not agree to contribute even one shekel from the police budget to the production of the Lavi. What do they want? To produce a plane and fire 500 policemen, at the expense of Israel's internal security?"

In essence, Bar-Lev said what senior military source have been telling reporters in background briefings.

Speaking privately, these sources said they did not expect Bar-Lev's comments to have a decisive impact on the cabinet. They were sure the ministers accepted the soundness of the IDF's presentation but would be swayed by the political implications of cancelling a "national project" at such an advanced stage and by the impact such a cancellation would have on unemployment.



French Foreign Minister Jean-Bernard Raimond surrounded by journalists in Jerusalem on Tuesday. (Rahamin Israeli)

'PLO must be taken into account'

By JOEL GREENBERG
and Itm

"France believes that the fact of the PLO's existence must be taken into account, and the PLO should in some way be involved in any peace process," French Foreign Minister Jean-Bernard Raimond said in Jerusalem Tuesday.

Raimond was speaking to journalists at the end of his three-day official visit during which he held talks with Prime Minister Shamir and Foreign Minister Peres on Israeli-French relations and the peace process.

He said he was aware of the difficulties involved in convening an international peace conference on the Middle East, including Israeli opposition to PLO and Soviet participation. But he dismissed Israeli fears that the USSR would dictate terms.

"The Soviet Union does not need an international conference to gain a

foothold in the region," he said. "The Soviet Union is a superpower, and, as such, has already had an influence continues to be felt to this day. In fact, the non-participation of the Soviet Union could be more damaging."

Moreover, Raimond said, the exact nature of the conference had not yet been worked out, either by the Soviet Union or by any of the other countries who supported the conference. But the details were not important, he said. What was important was to convene the conference to help create the conditions for direct negotiations between the parties.

Raimond said that the idea had also been raised of a peace conference without the superpowers; it would be attended by Israel, Jordan, Syria, Lebanon and Palestinians not aligned with the PLO.

Earlier on Tuesday, Raimond met

at the French consulate in Jerusalem with a delegation of Palestinians from the territories who gave him a memorandum calling for an international peace conference with the PLO representing them. Raimond told the group that France supported an international conference, and PLO "association" with peace talks, as outlined in the EC Venice declaration, sources at the meeting said.

Al-Fair editor Hanna Siniora said he had urged Raimond to work to incorporate elements of the Venice declaration, which calls for Palestinian self-determination, in a UN resolution complementing Resolutions 242 and 338.

The seven-man Palestinian delegation also included Bir Zeit University professor Sari Nusseibeh, deposed Hebron mayor Mustafa Natshé and Bethlehem Mayor Elias Freij. Freij did not sign the memorandum.



A NICE SURPRISE: Schoolchildren from the Histadrut's Neor Ha'ved youth movement treat residents of a Givatayim senior citizens' home to a Shavuot eve visit and a basket of fruit. (Rivka Finder)

We deeply mourn the passing of our father, husband and brother

PHILIP KATZMAN

The funeral will proceed from the main gate of Kfar Samir cemetery, Haifa, at 4 p.m. TODAY, June 4, 1987 (7 Sivan 5747).

Rose Katzman
Natan Katzman
Solomon Katzman
Miriam Buzi
Zalman Buzi
Morris Katzman
Lorraine Silverman

First eyewitness account in Soviet press

Moscow holds young German pilot responsible for 'illegal acts'

MOSCOW (AP). — A Soviet weekly says the West German pilot who buzzed Red Square will be held responsible for his "illegal acts," the clearest indication yet that the teenager will go on trial.

The latest edition of *Moscow News* carried an article on the flight of Mathias Rust, 19, who piloted his Cessna 172B from Helsinki, Finland to the heart of Moscow.

It gave the first eyewitness account of Rust's flight to appear in the Soviet media, and published a photo of the single-engine plane on the ground in Moscow.

Rust was taken into custody after landing near the Kremlin wall. Soviet authorities have 10 days to tell Rust what legal points they are investigating. They have not said whether he faces criminal charges.

A West German embassy official said they had not been notified of any new developments in the case by noon yesterday.

Moscow News said that even if the teenage pilot did not realize the consequences of his exploit, "he will still have to be responsible in accordance with the law."

The editor of the weekly, Yegor Yakovlev, said the state prosecutor was investigating the "motives that pushed Rust into illegal acts." But he

added: "Regardless of the motives, foreign skies are not the place for jokes."

The Soviet media took more than 24 hours to report Rust's flight. Until the *Moscow News* report, the media limited its accounts to reprinting dispatches from Tass, the official news agency, and the text of a Politburo report.

Rust took off from Helsinki last Thursday, crossed the Soviet frontier over the Estonian coast and flew unimpeded to Moscow. He circled Red Square several times, buzzed Lenin's mausoleum and set the plane down between St. Basil's cathedral and the Kremlin.

West German diplomats who visited Rust at Moscow's Lefortovo prison on Monday, said he seemed "calm" and had not yet seen an attorney.

The law says a preliminary investigation must normally be completed within two months. A lawyer is permitted only after the investigation. However, the period for the preliminary investigation may be extended to up to nine months while the accused remains jailed.

If Rust is convicted of violating Soviet airspace, he could receive from one to 10 years in jail and a fine of about 1,000 rubles (\$1,500).

The Kremlin is examining Rust's mental health, a Soviet official was quoted as saying yesterday. Rust has been smiling throughout his interroga-

tion in the Soviet capital and talking about peace, the West German *Bild* quoted Valentin Falin, the head of the Soviet news agency Novosti, as saying.

"He talks about his idea of peace and how he likes to fly so much," Falin said, according to the newspaper. "He hasn't yet spoken of other motives (for his flight). He is still being extensively questioned."

Bild quoted Falin as saying that if Rust was acting on his own initiative, the incident should not have much effect on Moscow's relations with West Germany.

Rust's stunt caused the ruling Politburo to sack Defence Minister Sergei Sokolov and the commander-in-chief of Soviet air defences, Alexander Koldunov. Foreign Ministry spokesman Gennady Gerasimov said more officials could be punished.

The West German government condemned Rust's action as foolhardy and said it could have had "extremely unfortunate consequences for himself and for political developments." The government said it hoped Moscow would show leniency to him.

Diplomats said both the Soviet Union and West Germany would want to settle the affair before West German President Richard von Weizsaecker arrives on an official visit on July 6.

Reagan calls for trade action at Venice parley

WASHINGTON (Reuters). — President Reagan left yesterday for the seven-nation economic summit in Venice, calling for action to combat trade imbalances, reform agricultural policies and restore stability to international currency markets.

Reagan and his wife Nancy departed by helicopter from the White House for nearby Andrews Air Force Base amid cheers from 400 high school students and music played by a marine band.

Reagan is to spend two days before next week's summit — his seventh since taking office — relaxing at a hotel outside Venice. He is also to travel to Rome on Saturday for an

audience with Pope John Paul II. The leaders of the U.S., Japan, Britain, West Germany, France, Canada and Italy meet from June 8-10.

The President, in remarks obviously aimed largely at Japan, earlier made clear he intended to call forcefully in Venice for open markets in countries that export heavily to the United States.

Setting forth his summit agenda yesterday, he declared: "Our countries should move forward to end unsustainable trade imbalances, reform agricultural policies and restore stability to the international currency markets."

"The major economic powers of the world must also work to eliminate inequities in the international trade environment to keep markets open and to keep commerce flowing. Economic growth and free markets are everybody's business."

Reagan said the summit agenda would include discussion of how to improve East-West relations, arms reduction, human rights problems, regional conflicts and bilateral cooperation.

"Our discussion in Venice will help strengthen Western solidarity, which is indispensable to progress on issues of contention between East and West," he said.

The summit takes place amid some progress in efforts to correct trade imbalances between the U.S. and Japan and West Germany.

Treasury Secretary James Baker expressed pleasure on Tuesday at progress in Japanese plans to spur its economy and West German agreement to reassess its economic policies if growth slackens.

Baker also said the U.S. would be seeking a reaffirmation of policies on developing country debts to the West, including a policy of growth to generate new wealth, free market policies and increased capital flow.

U.S. wants 'adequate' force in Persian gulf

WASHINGTON. — Secretary of State George Shultz said on Tuesday that President Reagan at the Venice summit next week would underscore the need for an "adequate force" to protect Persian Gulf oil shipments from becoming targets in the Iran-Iraq war.

With U.S. officials giving mixed signals on what help Washington could get from its allies, Shultz said that while adequate forces were needed to protect shipping in the Gulf, this did not necessarily mean a greater military presence by America's allies.

Reagan on Monday said he wanted to discuss common security issues in the Gulf that are shared by the West and declared that free nations "should not cower" before

challenges or expect others to stand alone.

But Shultz said the U.S. was not alone in trying to deter attacks on Gulf shipping.

Shultz said Britain's military presence in the Gulf is proportionately greater than that of the U.S. "The French are also in and around the area, and they're always effective," he said. "They always have their own way and their ideas in this and other areas, but in the end, in the clutch, the French always come through on these matters."

In Oslo yesterday, international tanker owners said that increased attacks on Gulf shipping, highlighted by the Iraqi strike on a U.S. warship two weeks ago, would probably produce a multinational naval protection force this year.

War risk in Gulf — wherever it is

LOS ANGELES (Reuters). — A majority of Americans feel there is a high risk of the U.S. getting into a war in the Persian Gulf, but many do not know where the Gulf is according to a poll published yesterday.

Fewer than six in 10 of those interviewed by the *Los Angeles Times* — 58 per cent — knew the Gulf was in the Middle East. Eighteen per cent picked other parts of the world and 24 per cent said they were not sure.

The national telephone poll of 2,317 adults was conducted over a four-day period ended on Monday night.

Iran claims new attack

NICOSIA (AP). — Iran said yesterday it launched a new offensive in the mountainous central sector of the front, killing or wounding 800 Iraqis and capturing three strategic heights inside Iraq.

The official Islamic Republic news agency said the offensive, launched on Tuesday night, was in retaliation for a recent Iraqi air raid on the village of Sardasht in western Iran.

But an Iraqi military spokesman dismissed the victory claims as "cheap lies" and a result of the Tehran government's "silly hopes" of beating Iraq.

The spokesman, quoted by the state-run Iraqi news agency, said a small Iranian force attacked an Iraqi field company in the area but was "completely wiped out by intensive Iraqi fire."

It was the first report of a major ground offensive in the largely stalled war since Iran pushed into northern Iraq's Haj Omran region in late April.

It was not clear from the Iranian reports whether fighting was still continuing in the area yesterday afternoon.



Dr. Daniel Zagury discussing with reporters his experiment in which he injected himself with a vaccine that he hopes will stop the spread of Aids. (Reuters telephoto)

AIDS CONFERENCE

(Continued from Page One)

but papers were expected on the subject later this week.

Gallo told reporters the new Nigerian virus "could be a problem of the future" since it has so far only been identified in rural Nigeria. "It's nice that we know about it now," he said. "We can test for it...we shouldn't panic."

For the moment, he said, "there is one real Aids epidemic. There is one Aids virus. That's why we're all here."

Gallo, credited with identifying the original Aids virus along with researchers at the Pasteur Institute in Paris, reported that he knew of no vaccine to prevent Aids.

But he said American, Japanese and Swedish researchers had made important progress in being able to grow the tumour of Kaposi's sarcoma, the Aids-related cancer that has figured in the majority of Aids cases.

"It should be a very controllable tumour" as a result of the laboratory work, he said.

As the conference got under way, 64 gay rights activists were arrested in front of the White House, about a mile away, as they blocked traffic on Pennsylvania Avenue.

The arresting officers wore bright yellow rubber gloves of the style that enraged Washington gay rights activists earlier this year during a police raid on a homosexual bar.

A police spokesman said the gloves had been in use since 1975 and "are not designed for protecting officers from any specific disease. They can be used whenever an officer has to search somebody," he said.

Aids tests are vigorously resisted by many civil rights groups who view them as a form of sexual harassment and fear the social branding that could occur if results leaked out.

Meanwhile, the U.S. Senate has voted overwhelmingly to require Aids tests of immigrants. But some lawmakers say future decisions involving the disease won't be nearly so easy.

The Senate voted 96-0 on Tuesday to require all aliens seeking legal status to be tested for the Aids virus. Republican Senator Jesse Helms sponsored the amendment, added to a \$9.7 billion supplemental appropriations bill that was later passed.

Helms cited statistics showing the rapid spread of the fatal illness, which destroys the body's natural defense against diseases and infections.

"The people of the United States will hold this congress responsible if we don't start doing something about it," he said.

Immigrants have tested for contagious diseases for nearly a century. The Senate amendment would require Reagan by August 31 to order Aids tests for all immigrants, including the 3 million illegal aliens expected to seek legal status under the immigration changes passed last year. As with any of the prohibited diseases, those who test positive would be sent back to their native countries.

Reagan also said on Sunday that he will extend Aids testing to federal prisoners and possibly veterans administration hospital patients. But more general testing remains a sticky issue. (AP, Reuters)



This is a 1971 file photo of Andres Segovia, the classical Spanish guitar master who died on Tuesday. The child is his son, Carlos Andres, who is now 17 years old. (AFP telephoto)

Guitarist Segovia dies, 94

MADRID (AP). — Andres Segovia, acclaimed as the world's premier classical guitarist has died at his home here, the state radio reported yesterday. He was 94.

The radio said Segovia died late Tuesday. The cause was not immediately known. The guitarist had been hospitalized in New York last month with what his doctor called cardiac irregularities.

Segovia, who was self-taught, established the guitar as a concert instrument. He was renowned for his flawless precision and perfect sound.

His body is to lie in state in the Royal Academy of Fine Arts today. King Juan Carlos and Queen Sofia are expected to visit the Academy today and personally express their condolences, the radio said.

Segovia was born on February 18, 1893, in the southern city of Granada, where the guitar was played by gypsies who performed flamenco music in taverns. His father, a lawyer, wanted him to join the legal profession.

Segovia began violin lessons at the age of 6 but abandoned them because his teacher had terrible tone and pitch "and pinched me whenever I played a bad note."

He then taught himself to play the guitar and gave his first guitar concert in his home town at the age of 14.

"I was my own pupil and my own maestro," he told an interviewer. "We have travelled all through life without a single quarrel."

Opposition hits choice of S. Korean successor

SEOUL (AP). — Opposition leaders condemned President Chun Doo Hwan's choice of a former general to succeed him and called yesterday for nationwide demonstrations to demand the fall of the government.

Chun told key officials of his Democratic Justice Party on Tuesday that Roh Tae Woo, the party chief and a retired general, was his choice to become president after Chun's term expires in February.

Chun's blessing means Roh, 56, who played a key role in helping Chun take power in 1980 when both were senior military commanders, is almost certain to win the presidency. The two graduated together from the Korea Military Academy and are close friends.

The DJP's executive council formally approved Roh's selection at a 15-minute meeting yesterday. No other candidates were proposed.

"I think this is a solemn order from the people, the party and the gods," Roh said after the meeting.

The Reunification Democratic Party, the main opposition group, said the selection represented "the first act of a political scenario aimed at eternalizing the current dictatorial regime."

In a statement issued yesterday after a meeting of its top leaders, the opposition party charged the government was determined to continue its rule at any cost.

Chun has promised repeatedly to step down at the end of his seven-year term in what would be the first peaceful transfer of power since South Korea was founded in 1948. However, he has insisted his successor be chosen through the existing electoral college system, which critics say is weighted to ensure an administration win.

South Korea has been hit by a wave of protests since Chun announced on April 13 that he was suspending talks with the opposition on constitutional reform including the demand for direct presidential elections.

Leader reports fights in Soviet Moldavia

MOSCOW (Reuters). — Moldavia, a Soviet republic bordering Romania, has experienced incidents similar to the nationalist street riots in Soviet Kazakhstan last December, according to the republic's deputy Communist Party leader.

Victor Smirnov did not give details of the incidents in his speech to a Communist Youth League meeting on May 30.

But he said some vocational

schools in the republic had experienced "hostile relations between people of different nationalities, often causing conflicts and even group fights."

His speech was reported in the May 31 edition of *Moldavia*, the party daily *Sovetskaya Moldavia*, which arrived in Moscow yesterday. It followed official press reports of nationalist incidents in Kirgizia, a central Asian republic.

'Kampuchea holds thousands in inhuman conditions'

Thousands of political prisoners held for years without trial in Kampuchea have been tortured or ill-treated and kept in cruel and inhuman conditions which included confinement in underground and "coffin-like" cells, Amnesty International said in a report published yesterday.

The worldwide human rights organization said alleged political opponents have suffered in prisons

and detention centres throughout the country. Most are administered by civilian or military authorities of the People's Republic of Kampuchea (PRK), but others are run directly by personnel from Vietnam.

Torture is used to extract "confessions" or get information on other suspected opponents of the authorities. The methods include beatings with sharp-edged wooden staves and iron bars, whippings with chains and

FOREIGN BRIEFS

SA reports release of most child detainees

JOHANNESBURG (AP). — The South African government says it has released all but 11 of the 280 children under 16 who had been detained without charge under state-of-emergency regulations.

The releases have taken place over the past few weeks and were announced on Tuesday by Law and Order Minister Adriaan Vlok. He said the decision to free the youths followed an investigation in which parents, churches and welfare organizations were asked to accept responsibility for the children.

Kurds kidnap 26 forest workers in Turkey

ANKARA (Reuters). — Kurdish rebels have kidnapped 26 forestry workers in the southeastern Turkish town of Semdinli. Anatolian agency reported yesterday. It said the rebels seized the men on Tuesday night in a raid on a forestry camp in the area.

Rebels fighting for an independent Kurdish state often raid remote regions of eastern Turkey, kidnapping and sometimes killing villagers.

Kuwait: Egyptians sailed boats seized by Iran

KUWAIT (Reuters). — A cluster of fishing boats seized recently by Iran in the northern Gulf were manned by Egyptians, a Kuwaiti government minister said yesterday.

The Kuwait news agency quoted Defence Minister Sheikh Salem al-Sabah as saying the vessels carried "Egyptian brothers who possessed nothing except their fishing nets."

Iran said on Sunday that Iranian forces had seized seven Kuwaiti speed boats and their crew had confessed to spying for Iraq under cover of fishing.

China denies clashes on Sino-Indian border

BEIJING (AFP). — China again denied yesterday that its troops had clashed with Indian forces on the Sino-Indian border, following recent reports of a Chinese military build-up in Tibet.

A Western journalist who recently returned here from Tibet claimed that he had seen large troop movements in the Himalayan region, between Lhasa, the capital of Tibet, and the Sino-Indian border.

Nine Ethiopian soccer defectors now in U.S.

CAIRO (Reuters). — Nine Ethiopian soccer players who defected in Cairo after losing matches in a youth international tournament last year have gone to the U.S. as refugees, diplomats and UN officials said yesterday.

The 9, members of defeated under-16 and under-19 teams, sought political asylum at the U.S. embassy here because they were scared of punishment if they went home. Egyptian police said at the time.

Mediterranean parley

BELGRADE (AP). — Foreign ministers from ten non-aligned Mediterranean countries and the PLO convened at the North Adriatic island of Brioni yesterday to analyze the political situation in the area, the Tanjug news agency reported.

Yugoslav President Lazar Mijosevic said in his opening speech that the three-day meeting would discuss "the heightened military presence of the big powers" in the Mediterranean and the "dangers caused by armed attacks on Libya" and Israeli policies.

rubber hoses, electric shocks, burning with hot irons.

Political prisoners undergoing interrogation are often held for long periods in small, dark, poorly ventilated cells, some underground. Former toilet stalls have been converted into cells. Some cells are less than a metre wide and less than a metre and a half high — a former prisoner told Amnesty International that being in one "was like being in a coffin".

Michah "Mickey" Taubman & The Israel Festival, Jerusalem

PRESENT

A Traveling Jewish Theater of San Francisco, California in the Award Winning Production

"BERLIN JERUSALEM AND THE MOON"

Jerusalem Theater, Rebecca Crown Auditorium June 6 (20.45) & June 7 (17.30, 20.30)

Tickets at special sales center at the Jerusalem Theater, Hadran-Castel (Tel Aviv) and at ticket agencies in Jerusalem



To all unit-holding members of the Association

Time Sharing Eilat Club Hotel

Association No. 58-009-990-1



To our members: We wish to notify you that following the annual general meeting and elections of 25.5.87, the following persons have been elected:

Association Committee

Shmuel Gutentag, Chairman
Ya'akov Shtedler, Vice-Chairman
Etti Hizi, Secretary-General
Yehuda Blau, Treasurer
Adv. Yosef Burla
Michael Niri
Metania Mertz
Dov Goldringer
Adv. Ya'acov Levi

Supervisory Committee

Meir Hershkovitz
Dr. Gavriel Mor
Dr. Emmanuel Wax

Tribunal

Jack Dickenstein
Shimon Ashkenazi
Ya'acov Golan
Ilan Bar-Lev
Mark Balali

It was resolved that the committee deal with all matters relating to the members, including those with mortgages, who require aid. For clarification please apply to the Association.

Association membership cards are available at the Association office (please send in a passport photograph).

For additional clarifications, please contact the Association offices, 18 Ribat St., Tel Aviv 67778.

Tel. 03-371433, 03-371508, 03-381255.

Shmuel Gutentag
Association Chairman
on behalf of the committees elected

Soapbox reformers face cruel world in Hyde Park

By DAVID HOROVITZ
Jerusalem Post Correspondent

Free speech is alive and well at Hyde Park's Speakers' Corner, with critics of the Bible, capitalism and Israel attracting crowds in the hundreds.

The most strident of last Sunday's speakers stood high on a mini step-ladder, under a softly fluttering PLO flag, lamenting "the theft of Palestine."

A small band of loyal supporters applauded almost every sentence, gripped still by the fervor of an anti-Israel demonstration the day before: 8,000 Arab youths had attended an alternative Jerusalem Day rally.

Elegantly dressed in pinstripe suit and silk tie, the speaker, who later admitted that he was of Indian origin, concentrated his attack on Israel's support for South Africa, but had trouble making himself heard above the hecklers.

"Why don't you preach tolerance, instead of all this hate," one American tourist shouted up at him.

"Come down off of there, you big" added a toothless old lady in a shapeless blue coat, waving one of her two walking sticks at him.

But the speaker had no intention of coming down. "I'll be here for another four hours," he said, mopping his brow with a brilliant white handkerchief. "I'm always here. I draw the biggest crowds."

Scarcely 20 yards away, under an Israeli flag, a kippa-wearing man in his late 20s was getting less heckling, but had rather less of an audience too.

Quoting from a book by historian Martin Gilbert, he said that Jews had been murdered and persecuted in almost every country, much to the distress of a young Algerian lady who questioned the accuracy of a history

book that was itself written by a Jew.

The Israeli caused even more distress when he pulled an English translation of the Koran out of his bicycle saddle-bag and informed his audience that Mohammed had spoken of the Jews' right to Jerusalem.

"That is not the Koran. There is no translation of the Koran," screamed a curly-haired young Iranian. "You can throw that book away. It is rubbish."

Elsewhere in this strange corner of Hyde Park, Soviet and Iranian flags were fluttering in the summer breeze, and speakers earnestly discussed everything from Aids to visitors from outer space.

"If people from other planets want to come and visit us, then they are welcome," a tall, thin figure of debatable gender assured a rather bemused audience, most of whom were more fascinated by the speaker's extraordinary hat than by his/her oratory.

The Jesus supporters outnumbered the other speakers by about three to one, exhorting us to "see the light before it's too late." But even the most energetic of them, a stocky Irish gentleman who must have had a bullhorn hidden somewhere to achieve the volume he did, failed to pull in much of a crowd.

Another victim of poor attendance was a scruffy, bearded gent, lolling on the railings, sadly lacking the requisite charisma. Surrounded by a crowd of mystified and distinctly apathetic tourists, he yelled in desperation: "Right, you lot are paying no attention to me, so I'm going to pay no attention to you. You will now watch me standing on my box in silence."

He was as good as his word, but his crowd was not impressed and drifted off to greener pastures.



Model in Budapest shows the latest sports look from a Hungarian fashion house. The fabric was imported from West Germany. (Reuters)

Increased threat of brush fires

By ANDY COURT
For the Jerusalem Post

The threat of forest fires is greater this year because the winter's rains have produced abundant grass and foliage which are now catching and spreading brush fires, according to a top Jewish National Fund official.

Dr. Haim Zaban, director of the JNF's land development authority, said that more than 1,000 dunams of forest were destroyed by fire in the month of May, compared to 2,500 dunams all of last year.

The public should report all fires in open areas, and farmers should avoid burning brush on days when the *hamizin* wind is blowing, he said. In addition, people must be careful to extinguish cigarette butts safely and must generally be aware of the great fire hazard.

Zaban was speaking last week at a special meeting of the JNF's board of directors. His remarks followed a recent fire in Beit Guvrin which devastated over 10,000 dunams of pasture land. Dozens of dunams of the Haruyit forest in the Beit Shemesh area were destroyed by fire last week and the blaze spread to nearby wheat fields as well.

JNF spokesman David Angel said the JNF is embarking on a campaign to make the public aware of the threat of forest fires. "Sixty-five settlements in the country are surrounded by forests," Angel said. "Everyone's cooperation is important because there really is danger of a tragedy."

Freaky angels keep popping up

By LEV BEARFIELD
Jerusalem Post Reporter

Suddenly the Israel Festival seems to be taking to the streets as never before. New performances will hit the pavements during the next two days and next week, while Dov Zakheim's mysterious band of angels continue doing their little "Footsteps from Above" program in the oddest places — and they are the oddest band of angels you've ever seen.

Some of the angels wear short trousers and silver bells, and look like nothing so much as mad Swiss bellringers escaped from some Alpine sanatorium. Others wear fright wigs or extraterrestrial headgear. And all of them of course have white floppy wings.

Their appearance can certainly freak out the unsuspecting. For instance, when the angels bounded out of their little van the other afternoon for a performance on the Old City walls near Jaffa Gate, the Arab cabbies by the Citadel were genuinely startled. One even crossed himself. No doubt these taxi-drivers like to think they've seen everything pass by their station, but the angels elicited a real double-take. In a moment, however, the cabbies recovered their sangfroid and proceeded to studiously ignore the performers.

Reaction was generally positive when the Italian Podlach Theatre sprang its "parade performance" around the festival headquarters at the Jerusalem Theatre. As the musicians and avant-garde circus performers wove their way through the onlookers, youngsters waved with delight, some adults were bemused expressions, passing senior citizens showed puzzlement and at least one child bawled piteously (there's always at least one of those). The programme began with explosions which alarmed some residents in the neighbourhood.



Nevertheless, the Italian *Parata*, even with its several bizarre aspects, proved itself one of the festival's most festive outdoor events to date. It is to be repeated tomorrow at 2 p.m. on the Ben-Yehuda pedestrian mall.

One of the festival's most spectacular outdoor events will take place today when the Zik artists set

ablaze the giant sculpture project they've been building ever since the festival opened three weeks ago. The orgy of destruction is slated to get under way at 6:30 p.m. in the Hinnom Valley with music and a procession in which onlookers are invited to participate. Then come the fireworks and the ritual burning of the artwork.

More events tomorrow on the street: at 3 p.m. on Mt. Zion, Aris Shapira's "Crowned Heads," including 400 children and a pied piper, will perform. An hour later in Liberty Bell Park the Megama troupe will present a dance programme.

Sami Molcho bids farewell

By DORA SOWDEN

Making his farewell appearance in Jerusalem last night after 35 years of performing all over the world, Israeli mime Sami Molcho, 50, gave a resumé of the programmes of a lifetime. He said he was leaving the stage to make room for the younger generation. But it will be a long time before any new mime proves his equal.

Molcho presented some of his most famous sketches in new and revised versions, with his well-known eloquence without words and his gift for symbolism and social criticism.

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SPORTS

NBA
PLAYOFFS

Lakers' runaway in opener

INGLEWOOD (AP). — Earvin "Magic" Johnson and James Worthy fueled a flawless fast-break in leading the Los Angeles Lakers to a 126-113 victory in the opener of the NBA championship series here on Tuesday night.

The Lakers, who finished the regular season with the NBA's best record, 65-17, won for the 12th time in 13 playoff games.

Worthy, who finished with 33 points, hit 13 of his first 15 shots from the field as L.A. led from the opening whistle. Johnson canned 29 points and dished out 13 assists in masterminding the Lakers' deadly fast-breaking offense. Byron Scott added 20 points for the winners, and Kareem Abdul-Jabbar 14 and ten rebounds.

The Celtics, after being stretched to seven games by both previous playoff opponents — Milwaukee and Detroit — now face an uphill battle in their drive to become the first team to repeat as NBA champions since 1968-69, when the Bill Russell led edition won back-to-back titles.

Game 2 is tonight here at the Forum.



LOOSE BALL. — Danny Ainge of the Celtics and the Lakers' James Worthy dive for a loose ball during the second half of L.A.'s 126-113 win. Worthy got possession of the ball. (Reuters telephoto)

while Robert Parish added 16 and Kevin McHale 25. Bird also led the Celtics in rebounding with seven.

The Lakers, whose lead reached 21 points midway through the third quarter, also played tough defense, holding Boston's starting guards, Danny Ainge and Dennis Johnson, to 18 points combined, 11 for Ainge.

Cubbie Dawson finds place in sun

NEW YORK (AP). — After spending 11 seasons in Montreal, Andre Dawson has found his place in the sun with the Chicago Cubs.

With the Expos, Dawson had 225 career home runs and a .280 batting average. He was respected for his abilities, but after a series of knee injuries, some thought his career was on the decline.

Last season, he hit .284 with 20 homers and 78 runs batted in for Montreal and was offered \$1 million to re-sign.

But Dawson had seen enough Canadian cold fronts and longed to play on natural surface, particularly during the day time.

The best place to do that is Wrigley Field, where Dawson had a .346 career average.

After many negotiations with Cubs president Dallas Green during the winter, Dawson finally told his agent to give the Cubs a blank contract and fill in the numbers. Dawson wanted to play in Chicago.

The \$500,000 the Cubs are paying the right fielder has been the bargain of the year so far.

Dawson, who drove in five runs with two homers in a 6-5 loss to Houston on Monday, drove in seven runs on Tuesday with two homers, a triple and single as the Cubs trounced the Astros 13-2.

Dawson tripled in two runs in the fifth and,

needing a double for the cycle, hit his 18th home run after Ryan Sandberg had doubled in the seventh, boosting his RBI total to 53, tops in the NL.

Elsewhere in the National League, Montreal beat San Diego 6-2, Cincinnati edged St. Louis 3-2, Pittsburgh beat Atlanta 4-1, Los Angeles downed New York 6-3 and Philadelphia outlasted San Francisco 7-6.

AMERICAN LEAGUE

It was another wild and crazy game at Fenway Park.

The Boston Red Sox, who received 12 walks, finally beat Minnesota 6-5 on Tuesday night on Bill Buckner's two-out, two-run single in the ninth inning.

The Twins took a 5-4 lead in the eighth on Boston reliever Calvin Schiraldi's wild pitch, but could not protect it.

With runners on second and third and two outs, Minnesota manager Tom Kelly elected to have relief ace Jeff Reardon pitch to Buckner.

Instead of intentionally walking him to face Rick Gedman (1.73) with the bases loaded, "I was thinking how bad when their manager went out to the mound," Buckner said. "Then I started to think they might walk me."

"But if they walk me they couldn't afford to walk anyone else or the game is dead. I don't think Rick has a walk yet this year (actually one), but I don't think they know that."

Buckner bled a 1-1 pitch to center field and ended Minnesota's three-game winning streak.

In other American League games, Chicago trounced Texas 15-5, New York edged California 3-2, Baltimore routed Oakland 9-2, Milwaukee shelled Kansas City 14-3 and Toronto beat Seattle 4-3. Detroit at Cleveland was rained out.

AMERICAN LEAGUE EAST

	W	L	Pct.	GB
St. Louis	30	18	.625	—
Chicago	29	21	.580	2 1/2
Montreal	28	22	.560	3 1/2
New York	28	22	.560	3 1/2
Philadelphia	23	27	.460	7 1/2
Pittsburgh	12	38	.240	17 1/2

WEST DIVISION

	W	L	Pct.	GB
Cincinnati	30	18	.625	—
San Francisco	29	21	.580	2 1/2
Atlanta	28	22	.560	3 1/2
Houston	28	22	.560	3 1/2
Los Angeles	24	27	.471	5 1/2
San Diego	12	40	.231	17 1/2

AMERICAN LEAGUE WEST

	W	L	Pct.	GB
New York	32	19	.627	—
Toronto	30	21	.590	2 1/2
Milwaukee	28	23	.556	3 1/2
Baltimore	27	24	.529	4 1/2
Detroit	24	27	.471	5 1/2
Boston	23	28	.450	6 1/2
Cleveland	17	34	.333	12 1/2

WEST DIVISION

	W	L	Pct.	GB
Kansas City	27	21	.563	—
Seattle	27	21	.563	—
Oakland	25	23	.520	2 1/2
California	21	27	.438	5 1/2
Texas	20	28	.417	6 1/2

Results of Monday's games: Seattle 2, Toronto 9; Minnesota 9, Boston 5; Cleveland 9, Detroit 6; Oakland 9, Baltimore 6; California 9, New York 2; Milwaukee 3, Kansas City 2; Texas 11, Chicago 9.

Monday's results: Houston 6, Chicago 5; San Francisco 9, Philadelphia 2; St. Louis 8, Cincinnati 6; New York 5, Los Angeles 2.

LITTLE LEAGUE BASEBALL. — The unbeaten Mevasser Zion Lions beat the Mevasser Zion Sluggers 9-8 in a weekend action. Mevasser Zion was the winning pitcher, with Sherry Gabriel mowing the field out with a game-ending bases-loaded catch.

2nd half fireworks spark win

Israel took the Peace and Friends Stadium in Piraeus, Greece by storm yesterday to spark off the European basketball championships in style with a crushing 99-83 victory over Czechoslovakia.

The Israelis adapted well to the early morning 10 a.m. starting time, and spearheaded by new captain Doron Jamchev and a wonderful all round second-half effort gained an easy victory. The margin at the end might well have topped 25 points if Israel had not let up the pace in the final minutes.

Yesterday's win leaves Israel needing to win only one more of their four first-round games to ensure progress to the important playoffs for the 5th-8th positions. Today, Israel will take on Holland, also at 10 a.m.

A 14-3 tear inside four minutes at the start of the second half settled the outcome quite decisively. Although the young Israeli squad were from the outset very much the match of the taller and vastly more experienced Czechs, the first half was a see-saw battle with rarely more than 3 or 4 points separating the teams.

Indeed, it seemed as if yesterday's would be yet another of the dogged battles fought out in recent years between the two countries, when invariably only a point or two decided the issue. Thanks to yesterday's triumph, Israel has reduced their arrears in bilateral contests with the Czechs to 8-12.

The game remained close right up until just before the half when Doron Jamchev, who had one of his unimpeachable days, popped in three pointers at the buzzer to lift Israel into a 44-40 lead.

That set the pattern for the second half when Jamchev continued his incredible form and enjoyed valuable support from Ari Ben-Zion, who was especially good in defence, and a lightning second half under the boards from Laron Mercer. Motti Danilevsky played well off the bench while young Itzhak Cohen was an imposing force among Czechs under the boards. And Chen Lipin, although not scoring himself until the closing minutes, played a masterful leadership role at point guard.

HIGH SCORES: Israel — Jamchev 37, Rosenfeld 13, Danilevsky 12, Mercer 12, Czechoslovakia — Kropacek 20, Braverman 15, Saffa 13.

Other scores: Spain beat France 111-79 (48-34 halftime) and Italy beat West Germany 84-78 (halftime 46-38).

SCOREBOARD

HORSE RACING. — Reference Point justified his bid for overwhelming favorite for the English Derby at Epsom yesterday when he won the flat-racing classic in a record time.

His victory by one-and-a-half lengths over Most Welcome gave the ownership of American Jockey Steve Cauthen and English trainer Henry Cecil their second Derby win in three years.

SOCCER. — In Second and Third Division playoffs yesterday, Hapoel Ramat Gan beat Hapoel Marmorek 3-1 and Hapoel Bat Yam topped Maccabi Haifa, also 3-1. The top two teams of the four will play in the higher division next season. The play-offs are on a league basis.

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DAVIS CUP TENNIS

Perkis quits team

By JACK LEON

Shahar Perkis has declined an invitation from the Israel Tennis Association to play for Israel in next month's World Group Davis Cup quarter-final against India, to be played on grass in New Delhi.

Perkis, 25, informed team captain Yosef Stabholz and coach Shlomo Zoref that he was sticking to his recent decision to quit international competition because of health problems. Shlomo Glickstein, Amos Mansdorf and Gilad Bloom have already been named for the team.

Zoref said on Tuesday that the choice to replace Perkis lay between Amit Naor, 20, and 16-year-old Raviv Weidenfeld, with the ITA selection committee due to meet shortly to make a final decision.

Perkis has been a member of Israel's Davis Cup team since 1981.

usually playing No.2 singles racket to Glickstein and partnering him in doubles. Early in 1985, however, he was sidelined for several months by ill-health, and extensive medical tests abroad revealed that Perkis was suffering from a very minor heart abnormality.

When he returned to competition, Perkis was replaced by Mansdorf in singles but continued on the team as Glickstein's doubles partner.

The pair have an overall 6-2 record in doubles outings, while Perkis triumphed in four out of 11 singles.

Paying tribute to Perkis's contribution to Israel's Davis Cup successes, Zoref said that he would be greatly missed in the tie against India, particularly because his unmatched service power would have been to Israel's advantage on grass.

Lacklustre win for Aussies



SPREAD EAGLE. — American Eagle prop Fred Paoli spreads his arms in an attempt to stop England's Rob Andrews in England's 34-6 World Cup victory yesterday.

WELLINGTON (Reuters). — Australian coach Alan Jones fiercely criticised the Sydney crowd yesterday after his team beat Japan 42-23, completing an unbeaten run through the Rugby Union World Cup preliminary matches without ever approaching their best form.

In contrast to Australia's faltering success, three of the four British Isles teams won comfortably. Wales's 40-9 victory over Canada giving them a maximum six points from their three qualifying games. In other matches, England beat the United States 34-6 and Ireland defeated Tonga 32-9.

At the end of the pool matches, only Argentina of the eight sides were missing from the quarter-final lineup which pitted New Zealand against Scotland in Christchurch on Saturday, France against Fiji in Auckland and Australia against Ireland in Sydney, both on Sunday, and Wales against England in Brisbane on Monday.

Fiji were the unexpected nation to go through in place of Argentina, but it was Australia's form that provided most comment during the first two weeks of competition.

Although they won all their matches, they failed to convince in any of them and they conceded 35 points against the two weakest teams in their pool, the Americans and Japanese.

The crowd's reaction to an incident in which Peter Gries appeared to foul Japanese fullback Shogo Matsui seemed to reflect public disappointment with Australia's performances.

It certainly drew a stinging rebuke from Jones. "Australia are unconvincing of success and the booing showed the immaturity of Australian life. The booing was a disgrace."

"Everyone gets support in Australia except the home team," he said.

Other scores: France trounced Zimbabwe 70-12 and Scotland routed over Romania 55-28. France got a world record tally of 36 points from fullback Didier Camberabero (100 tries and nine conversions) while fullback Gavin Hastings kicked a world record 27 points for Scotland.



LAST HOPE. — Yannick Noah, France's last hope in the French Open, lost yesterday in three sets to Sweden's Mats Wilander, despite this between-the-legs return. (Reuters telephoto)

Becker hustles Connors

PARIS (AFP). — Boris Becker refused to be hustled into the kind of "street-fighting" tennis 34-year-old Jimmy Connors would have loved to bring to the Roland Garros centre-court here yesterday.

With an old head on his 19-year-old shoulders, the Wimbledon champion wisely stayed back on the deadly slow red clay surface to out-rally the left-handed American from the baseline — tactics which worked to perfection and which earned him a place in the men's singles semifinals at the French Open tennis championships.

Becker scored a 6-3, 6-3, 7-5 victory in two and three-quarter hours in a match which was stopped for 35 minutes at the start of the third set because of rain.

Ivan Lendl, Mats Wilander and Miloslav Mecir join Becker in advancing to the semifinals. Becker will now meet Wilander, the two-time French Open champion and No. 4 seed from Sweden. Wilander was overpowering in eliminating the last French hope, sixth-seeded Yannick Noah 6-4, 6-3, 6-2.

Mecir, fifth seeded from Czechoslovakia, was just as overwhelming after a shaky resumption of his match against unseeded Karel Novacek, winning 7-6, 6-1, 6-2. Mecir will play top-seeded Iván Lendl, the defending men's champion, in Friday's semifinal.

Connors' last means that for the first time here since 1983 and for the fourth Grand Slam in a row, no Americans will be among the men's semifinalists.

The American, a great favourite of the Paris crowds and possibly making his last campaign to win the only title which has always eluded him, fought like a lion to stay alive.

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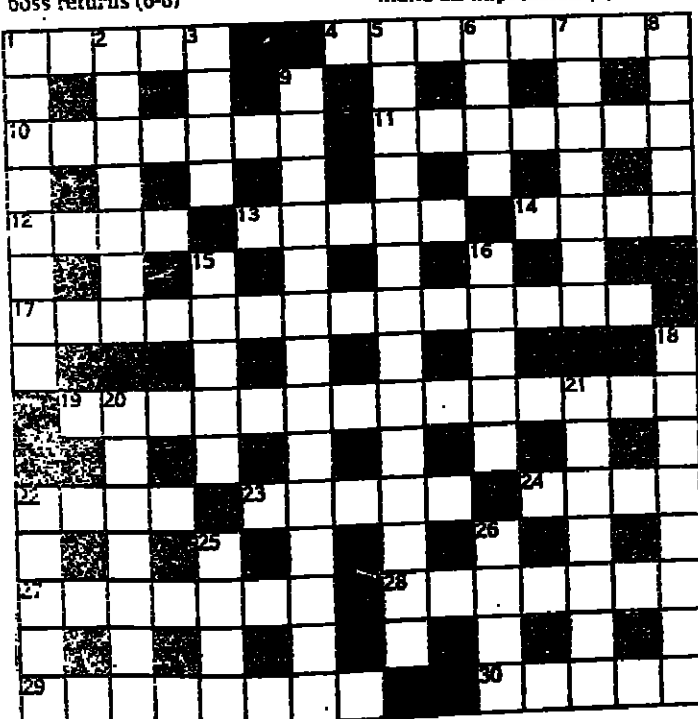
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Mizrahi posted profit in 1st q.

Post Economic Staff
United Mizrahi Bank - the only one of the top four commercial banks to post a loss last year - ended the first quarter of 1987 in the black, the bank reported on Tuesday.

Mizrahi's pre-tax consolidated earnings came to NIS 15.6 million in the January-March quarter, compared with a loss of NIS 20m. for all of 1986. Net earnings were NIS 3.36m. for the three months, compared with a NIS 24.1m. loss for all of last year. All figures were adjusted for inflation and are unaudited.

Changes in the laws kept Mizrahi's tax bill to NIS 6.98m., far less than last year's, but extraordinary expenses cut into its gross earnings fairly sharply, to the tune of NIS 3.05m. Although the bank did not note where the one-time losses originated, it is likely they came from the sale of real estate over the past year.

January's 10 per cent shekel devaluation contributed significantly to earnings with Mizrahi making some NIS 1.97m. on dollar/shekel

conversions from remittances on profits from subsidiaries overseas.

The bank's gross return on equity was 20 per cent in the quarter, while its net ROE was 4.4 per cent. The balance sheet grew a real 3 per cent from the end of the previous quarter to stand at NIS 9.56m. on March 31, while its capital means increased 3.2 per cent to NIS 302.2m.

Deposits from the public totalled NIS 4.38m. at the end of the quarter, up 6.3 per cent from December 31, while loans to the public grew 2 per cent to stand at NIS 5.63m.

Mizrahi offered no explanation for the turnaround, but its results mirror the strong improvement in the entire bank sector in the last quarter, following a dismal 1986 performance. Other banks to have reported their results have attributed their better results to lower taxes; increased business, especially in lending; and streamlined management.

Mizrahi did not indicate how much it had put aside for bad loans in the quarter, only saying it acted in a prudent manner.

BUSINESS BRIEFS

Sharon calls for U.S. investment

NEW YORK - Industry and Trade Minister Ariel Sharon appealed on Tuesday to the Conference of Presidents of Major American Jewish Organizations to encourage U.S. investment in Israel. He said that while there had been "important achievements" in attracting American investment, the overall amount was "very small."

Sharon declined to answer a question concerning charges that he had acted improperly in allowing U.S. financiers Meshulam Riklis and Arye Genger to buy Haifa Chemicals Ltd. last year on favourable terms. "If you had the facts, you wouldn't ask that question" was the minister's response.

State Comptroller Ya'acov Maltz last month alleged that Sharon had received a long-term, interest-free \$200,000 loan from Riklis, which Maltz charged constituted a conflict of interest.

CLAL TRADING Ltd. has reached an agreement in principle to acquire a 50 per cent holding in Crystal Ltd. a chain of appliance stores, the two companies told the Tel Aviv Stock Exchange on Sunday.

Under the accord, which must still

be signed by the two concerns, Clal Trading will pay \$4.5 million in cash plus another \$1.5m. from Crystal revenues between last January 1 and December 31, 1988, for its stake. Crystal's current chairman, Elahanan Friedman, will continue at his post.

LUZ INDUSTRIES Ltd.'s Los Angeles-based parent company has signed an agreement to market solar power systems with the West German glass company Flachglas AG, Luz announced Monday.

The accord, signed in Jerusalem, calls for Flachglas and Luz International, Ltd. to combine resources to develop the market for solar power systems, particularly in the Mediterranean. Last week, Luz signed an agreement with the Israel Electric Corp. to sell the utility electricity generated by a solar station planned for the Negev, which will serve as a model for solar power in the Mediterranean.

Flachglas, with annual revenues of \$700 million, produces the large glass parabolic mirrors that are the chief component of the Luz solar power system. BARCLAYS DISCOUNT BANK Ltd. reported on Sunday that after-tax profit jumped 216 per cent in the first quarter from a year earlier to NIS 6.5 million. Pre-tax earnings were up 97 per cent from a year ago to NIS 13.1 million.

The bank, jointly controlled by Israel Discount Bank and London-based Barclays Bank, reported a 2.9 per cent growth in its balance sheet to NIS 1.15 billion, while shareholders' equity increased 2.5 per cent to

NIS 68.7m. All figures were adjusted for inflation.

Deposits by the public grew 0.5 per cent from a year earlier to NIS 913m., as of March 31, while total loans increased 11.6 per cent to NIS 366.7m.

TRAVELLERS' INSURANCE, designed to protect tourists who have left a deposit with a travel agency that collapses, was submitted to the Knesset Finance Committee this week.

Under the proposal, travellers would be able to pay a premium to protect their deposit to the state-owned Inbal insurance company through their local bank branch. The premium has not yet been determined, nor has a proposal to compensate tourists coming into Israel who do not receive services promised.

Although the Tourism Ministry is pushing the plan, it is unlikely the new measures will go into effect, if approved, until next year.

Over the past 18 months more than a dozen travel agencies have gone under.

MARITIME BANK OF ISRAEL said net profit increased 12.3 per cent in the first quarter from a year ago to NIS 564,350, while pre-tax earnings came to NIS 588,452.

Shareholders' equity grew by 3.8 per cent to stand at NIS 19.7 million at the end of March from December 31, 1986, while its balance sheet rose 6.4 per cent to NIS 137.6m. Deposits from the public grew 5 per cent to NIS 75.8m. at the end of the quarter, while loans to the public rose 11.1 per cent to NIS 97.6m.

Jewish executive linked to Guinness

By DAVID HOROVITZ
Jerusalem Post Correspondent

LONDON - Yet another Jewish businessman has become embroiled in the "Guinnessgate" affair.

Alan Margulies, son of S & W Berisford Chairman Ephraim Margulies, has admitted that he arranged for a company named Cifco to buy \$4 million worth of shares in Guinness last year to help maintain Guinness PLC's high market price and improve its chances of winning the bitter takeover battle for the Distillers' Group.

Guinness then paid a £1.9 fee to Cifco in appreciation of its share purchasing, and the new Guinness board is now trying to recover this money, which apparently came out of a £25m. fund set up at the time of the Distillers' takeover by disgraced former Guinness chairman Ernest Saunders.

A spokesman for Alan Margulies has claimed that Margulies acted as an "agent" for Cifco in the Guinness share purchase and that he had acted for Cifco in this way on other occasions in the past.

The stockbroker, who bought the Guinness shares for Cifco has been named as Alan Parnes, who is the Margulies family broker and was also reportedly instrumental in the share purchases of both Gerald Ronson and S & W Berisford's U.S.

subsidiary during the share support operation.

Parnes was paid £3m. by Guinness, again presumably from the Saunders fund, for his services during the takeover bid.

Berisford chief Ephraim Margulies has said he has no idea of his son's involvement in Guinness share buying and confirmed that he has been asked by the new Guinness management to help recover the Cifco payment.

Ephraim Margulies has already returned £1.49m. to Guinness - the fee paid to a Berisford subsidiary, apparently in respect of Berisford share-buying during the takeover. According to the Independent newspaper, the Margulies family's solicitor has denied that the family has any financial interest in Cifco, a Geneva-based company run by Charles Rosenbaum, a long-standing friend of the Margulies'.

The Independent reported yesterday that both Berisford and Cifco bought Guinness shares in the hope that they would benefit commercially from their involvement in the Distillers' takeover.

"In the event, however, Guinness preferred to negotiate fees with the two companies rather than remain in their debt - hence the £1.49m. payment to Berisford and the £1.9m. payment to Cifco.

THE TAX BURDEN/Jeff Broide

A lighter burden

New tax rates for individuals became effective April 1, and for companies, as of January 1. For the 1987 fiscal year, the new rates for individuals will apply only to three-quarters of the taxable income, one-quarter being taxed at the pre-reform rates. The new rates will apply to salary income as of the April salary.

Withholding taxes and provisional monthly tax payments (mikdamot) are directly affected by these changes; maximum taxes to be withheld on the following have been reduced. Part-time salaries are now taxed at 45 per cent, as are fees for writers, journalists, lecturers, artists,

pathetic on this score. It is interesting to note that the tax authorities have reduced the advance (usually monthly) payment on certain non-deductible expenses from 50 to 45 per cent for corporations.

The difference in the marginal rates of tax between individual and corporate taxpayers is of significance particularly in the current tax year in respect to timing. At a monthly income level exceeding NIS 7,400 an individual is liable to an income tax rate of 52.8 per cent, including the 10 per cent surcharge, while the regular-type company, if it does not distribute dividends, is liable to a fixed rate of 45 per cent.

New value-added tax legislation enables certain VAT dealers to switch back to the previous system of reporting (and paying over) the VAT every two months, instead of the current monthly system. This concession is available to dealers whose turnover during the 12-month period ended August 31, 1986 did not exceed NIS 100,000 or proportionate to this amount for dealers who operated for only part of the period. This provision is effective as of last March 1 and will require VAT dealers covered by the provision to report from now on for March-April, May-June and so on. Newly registered taxpayers (i.e. on March 1, 1987 or thereafter) must report subject to their expected turnover declaration on registering, while dealers who opened VAT files between September 1, 1986 and February 28, 1987 will be subject to the provisions indicated above. However, their turnover calculation will be based on actual turnover during the period from September 1, 1986 through February 28, 1987.

The writer is a Certified Public Accountant (Israel). Questions may be addressed to him c/o The Jerusalem Post.

The New Rates

Individuals:	Monthly Income	Income Tax Rate
first	837	20
next	837	30
next	837	35
next	1,214	45
next	3,386	45
thereafter	Where no distribution of profits	52.8*
	On distribution of profits	40%
	On dividends	40%
	On dividends (15% tax dividends)	55%

* 10% surcharge on monthly income exceeding NIS 7,400.

Companies (regular):
Company Tax
Income Tax
40%
5%
15% (on dividends)
55%



President Reagan introduces Federal Reserve Board Chairman Paul Volcker (right) at Tuesday's White House press conference, where Volcker's resignation was announced. (AFP)

VOLCKER

(Continued from Page One)

Greenspan is also seen as having a credibility problem because he has frequently expressed the belief that the dollar needs to go lower. At a Tuesday press conference, however, he took the line that currencies should stabilize around current levels. For these and other reasons, Greenspan will have to spend some time establishing his credentials with the financial community.

As Greenspan himself said, "filling Paul Volcker's shoes will be a major challenge," while Volcker expressed "happiness and delight" with Greenspan's selection.

"Another factor helping stabilize the dollar in trading yesterday was Brazil's announcement that it was prepared to pay half the interest it owes on its \$68 billion commercial debt, and to refinance all interest payable.

This presaged an easing of concerns over the global economy, and triggered renewed advances on the Tokyo and London stock exchanges, sending the Tokyo index breaching the 25,000-mark yesterday for the first time, closing at a record 25,049.40. London's Financial Times 100-share index closed 15.8 points higher at a record 2,235.4, after opening almost 19 points off.

Precious metals also eased back after surging on Tuesday. Gold closed in London at \$451.75 per ounce, after Tuesday's close of \$453.25. However, share prices in West Germany and other European countries were lower.

Volcker's motives in declining a third term as Fed chairman are thought to have been primarily personal. The government post carries a salary of \$89,500, while in the private sector Volcker could earn many times that amount.

Carmel forest fire

HAIFA (Itrm). - Some 400 dunams of natural forest were destroyed in a fire that raged Tuesday night on the slopes of the Carmel. It took firefighters five hours to control the blaze.

Forest fires Tuesday and yesterday also caused extensive damage to nature reserves in the Galilee and on the Golan Heights. At the foot of Mt. Hermon some 500 dunams were damaged.

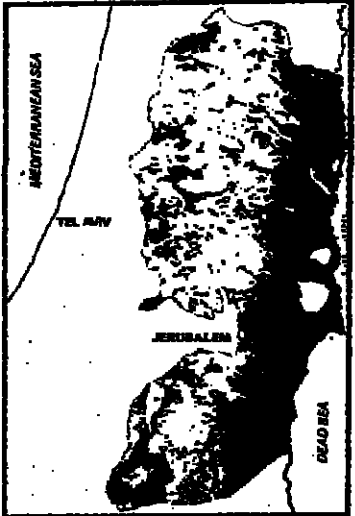
In another development, a storm yesterday caused an estimated \$4 million in crop damage to plum growers at the settlement of Yesod Hama'ala.

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Israel Money Markets

Shekel Deposits (annual rates)

Bank	Deposit Size	Term	7 days	14 days	30 days
Leumi (May 28)	500-999	8.00	15.00	15.00	15.00
	1,000-49,999	15.75	15.00	14.50	14.50
	50,000+	17.50	16.50	15.00	15.50
Hapoalim (May 28)	Up to 999	8.00	15.00	14.50	14.50
	1,000-49,999	16.00	14.00	14.25	14.25
	50,000+	18.50	14.50	14.75	15.50
Discount (June 8)	50,000+	17.00	15.00	14.50	14.50
	50,001-49,999	2.75	15.00	15.50	15.50
Mizrahi	40-1,000	—	—	—	—
	1,001-2,500	—	—	—	—
	2,501-5,000	—	—	—	—
	5,001-10,000	—	—	—	—
First Intl (June 2)	50-999	8.00	10.40	11.00	11.20
	1,000-49,999	12.00	12.50	13.00	13.10
	50,000+	13.00	13.50	14.10	14.20
	10,000-49,999	14.00	14.50	15.10	15.10
	50,000+	15.00	15.50	16.20	16.20

Patash (foreign currency deposit rates, June 2)

Currency (min. deposit)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (\$100,000)	6.625	6.875	7.250
U.S. dollar (\$100,000)	7.125	7.250	7.500
Deutsche mark (DM 200,000)	2.750	2.750	3.000
Swiss franc (SF 200,000)	2.875	2.875	3.000
Yen (1 million yen)	2.625	2.625	2.625

SOURCE: BANK LEUMI. Rates vary according to size of deposit.

Shekel Foreign Exchange Rates (June 2)

Currency basket	Buy	Sell	Banknotes	Buy	Sell	Rep.
U.S. dollar	1.880	1.880	1.880	1.880	1.880	1.880
Deutsche mark	0.9737	0.9737	0.9737	0.9737	0.9737	0.9737
French franc	0.2613	0.2613	0.2613	0.2613	0.2613	0.2613
Japanese yen (100)	1.087	1.087	1.087	1.087	1.087	1.087
Swiss franc	0.732	0.732	0.732	0.732	0.732	0.732
Swedish krona	0.2505	0.2505	0.2505	0.2505	0.2505	0.2505
Norwegian krone	0.2251	0.2251	0.2251	0.2251	0.2251	0.2251
Danish krone	0.2317	0.2317	0.2317	0.2317	0.2317	0.2317
Finnish mark	0.3555	0.3555	0.3555	0.3555	0.3555	0.3555
Canadian dollar	1.184	1.184	1.184	1.184	1.184	1.184
Australian dollar	1.1350	1.1350	1.1350	1.1350	1.1350	1.1350
S. African rand	0.7871	0.7871	0.7871	0.7871	0.7871	0.7871
Belgian franc (10)	0.4007	0.4007	0.4007	0.4007	0.4007	0.4007
Austrian schilling (10)	1.2404	1.2404	1.2404	1.2404	1.2404	1.2404
Italian lire (1000)	1.2082	1.2082	1.2082	1.2082	1.2082	1.2082
Jordanian dinar	—	—	—	—	—	—
Egyptian pound	—	—	—	—	—	—
ECU	1.8127	1.8127	1.8127	1.8127	1.8127	1.8127
Irish punt	2.3380	2.3380	2.3380	2.3380	2.3380	2.3380
Spanish peseta (100)	1.2515	1.2515	1.2515	1.2515	1.2515	1.2515

SOURCE: BANK LEUMI.

Foreign Markets

EUROPEAN FINANCIAL MARKETS (June 3)

Precious Metals				Libor Rates			
Gold	London	a.m. fix	453.25	Sterling	1 months 8 7/8%	3 month 9 1/8%	6 months 9 1/2%
	London	p.m. fix	453.00	Dollar	7 1/8%	7 7/8%	7 7/8%
	Paris	noon fix	452.24	S. franc	4 1/2%	4 1/2%	4 1/2%
	Zurich	p.m. fix	453.00	D-mark	3 1/2%	3 1/2%	3 1/2%
	Spot		787.10	Yen	3 1/8%	3 1/8%	3 1/8%
Silver	London	p.m. fix	141.50	SOURCE: MARINE MIDLAND BANK			

Foreign Currency Crossrates (London 15:30 - GMT)

Forward rates	Spot	3 months	6 months	12 months
Pound sterling	1.643040	64/59	64/59	124/124
Deutsche mark	1.807585	180/184	180/184	180/184
Swiss franc	1.491020	149/121	149/121	149/121
Dutch florin	2.035080	115/111	115/111	115/111
French franc	0.037525	180/220	180/220	180/220
Japanese yen	142.7080	134/128	134/128	134/128
Italian lire	1207.09.0	90/105	160/160	315/325
Belgian franc	37.4245	7/2	136	35/20
Canadian dollar	1.342327	44/47	88/93	160/170
ECU	1.146575	13/16	30/35	60/60
S. African rand	0.486575	15/5	25/10	70/50
Austrian schilling	12.8670	11/8	22/17	44/24
Swedish krona	0.307525	350/380	685/745	1300/1400
Norwegian krone	0.882575	1190/1240	2230/2300	4075/4175
Danish krone	0.802575	340/410	680/760	1200/1400

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Climbing down

THE intensifying debate within the government about the Lavi project has been fortuitously timed, coming at a season of judicial inquiries. For given the nature of the criticism of the project and even the partial disclosures about the process of decision-making that led to it, there is every reason to assume that if the project is approved by the government, it too will one day become the subject of an agonizing official inquiry.

Only now, after months, even years, of silence, has the public learned that the army, including the air force, are dead set against pouring all their scarce resources into this plane. But why only now? Were these views squelched or deliberately kept in public view?

Indeed, when the U.S. Defence Department's Dov Zakheim came here and argued that Israel with the Lavi would be militarily weaker than Israel without the Lavi, the public was told well-nigh anti-Semitic responses to his appraisals.

Since the army itself contests the military justification for the project, another argument has become preeminent: cancellation would cause severe unemployment and disruption at the Aircraft Industries. But precisely because the army wants the Lavi dropped in order to divert resources and manpower to a large list of other development projects, the unemployment argument too, stands on soft ground.

Looking in the background, is the contention that neither the Labour nor Labour can afford politically to alienate the large constituency which is the Aircraft Industries work force. Especially, if elections are in the offing.

To fuel this argument of expedience, the head of the Aircraft Industries workers council has already given warning that IAI is not at all meaning that the 20,000 employees of IAI will simply force the government's hand, by whatever necessary methods. Presumably, Israel has not yet reached the state where its security and economy can be hijacked by a single enterprise and interest group. But that the cabinet will reveal.

Perhaps to head off any such danger, Haim Bar-Lev, the defence minister and former chief of general staff, spoke out on Friday in a newspaper interview, voicing the most damning indictment of the project yet publicly heard.

"A huge mistake from the very beginning," he termed the project, never properly analysed, costed or considered. It would compromise the nation's security by denying the army the essential technology, and if imposed on existing government budgets, cripple services.

There are those, like Mr. Peres, who believe the project has gone too far — with the prototypes already in the air — to be cancelled now. That no doubt is also the view of Mr. Shamir, and of course, of Mr. Arens, the chief cabinet proponent of the plane.

But they have refrained from explaining how the country is going to pay for the Lavi's production. Defence Minister Rabin insists not from the defence budget. Finance Minister Nissim insists not from the civilian budget. That leaves scant room for options, especially since export of the plane is also largely foreclosed.

Maybe the proponents entertain thoughts of a special tax? But its mammoth nature would ignite all the nation's economic into opposition.

The simple fact is that Israel's government, originally prodded by the air force and the Aircraft Industries, embarked on a venture the country cannot afford — with the generosity of the U.S. And so, so deeply entangled, it does not know how to extricate itself.

There are, unfortunately, other areas of government policy where this same syndrome of unthinking overweening ambition spins the country into damaging detours. It is time, therefore, for Israel to turn and shape up, without recourse to inquiries after the damage has been done.

WHEAT

(Continued from Page One)
 "I am demanding that Sharon not approve the grain deal, which she said was an attempt to 'bypass the chief rabbinate'." She called the rejection of the chief rabbi's ruling "scandalous" and a "deliberate expression of contempt for the chief rabbi."

But Rabbi Yedidya Atlas, spokesman for the chief rabbi, said that the entire issue was a religious one, since even those who rejected the chief rabbi's ruling could not breed baked with local flour.

Two-thirds of the wheat used in Israel is imported. He pointed out. This, even without the chief rabbi's ruling, people can eat bread since there is a better than even chance that the grain was grown abroad.

Atlas explained that the chief rabbi's ruling is not automatic, but must be issued anew for each subsequent year. This year, he added, the Chief Rabbinate Council heard

a panel of witnesses, including economists, before determining that observing the letter of the law would entail irreparable damage to the economy of the Jewish state.

It was a *mitzva* (commandment) to follow the chief rabbi's ruling, he said.

As for the Habad Hassidim who initiated the grain deal, Habad spokesman Dov "Be'erke" Wolf stressed that it was not concerned with Israeli political issues. Habad had used its influence in Washington, Wolf said, to obtain the favourable rate for wheat as a humanitarian move.

"If Israel gets the wheat from the U.S. at a special rate, I don't see the need for a dispute."

He did add, however, that those who were so keen to uphold the rulings of the chief rabbi should recall that they had also indicated that one could not remain part of a government which did not amend the Law of Return.

KARAMEH

(Continued from Page One)
 It was placed has led to conflicting reports on the assassination. Iranian Minister Abdullah Raza referred army officers' accounts that the bomb was concealed in Karameh's personal attaché case. He said the device was planted before the French-made Puma helicopter took off from a military base in the Christian heartland north of Beirut. Corener Joseph Soto said he believed the bomb was planted be-

hind the premier's seat. Official sources said Air Force commander Brigadier-General Fahim al-Hajj told President Jemayel Tuesday that the helicopter was searched before it left the Christian port of Jounieh to collect Karameh in Tripoli. They said al-Hajj reported that the Puma was selected from five aircraft minutes before the journey and that the aircrew had been told only 10 minutes ahead.

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THE LATEST surprising events in the USSR may signal a veritable purge in the Russian military. The new Soviet minister of defence, Dmitry Yazov, is not even a marshal. His nomination skipped over the entire Soviet High Command, including the chief of staff, the deputy defence ministers and the army commanders, not to mention the Soviet commander in chief of the Warsaw Pact troops. In other words, the flight of an adventurous German pilot to Red Square was used not only to topple the veteran Marshal Sergei Sokolov, but also to deal a heavy blow to the entire Soviet High Command.

The very fact that the new Soviet minister of defence did not come from the ranks of the High Command is a reflection of more deep-seated problems than simply a lack of vigilance in the Soviet air defence system.

When an unnamed South Korean plane was shot down by the Soviets in September 1983, it was quite evident that the main culprit was not Yuri Andropov, who had allegedly given the order. Andropov, at the time, was already incapacitated and had not ruled the country for at least a month. The South Korean plane violated Soviet air space, remaining undetected by the air defence system for two hours. When the plane was eventually discovered, the then Soviet chief of staff, Marshal Nikolai Ogarkov ordered it shot down to conceal the inefficiency, and demonstrate — probably to the Soviet lead-

Purge in Moscow?

Mikhail Agursky

ership — that events were under control in Soviet air space.

This incident later cost Ogarkov his career. But what was at the time explained as an accident, was in fact systemic. The USSR does not have an efficient air defence system. More than 20 years ago, Brezhnev's leadership accepted the rash advice of some Soviet military engineers and invested astronomical sums in building a comprehensive ACBM system, which supposedly could defend the USSR totally.

There was strong resistance to the ACBM plan, as revealed by the sharp debates described in *The Battle*, a political novel by Nikolai Gorbachev, published in 1978 by the USSR Ministry of Defence. Some army and navy personnel obviously viewed the project as rubbish, but they could not stop it. For many years the Soviet leadership lived in a fool's paradise, thinking that they had an efficient air defence system. The young German pilot made it all too clear that they do not.

The Soviet military plans were all built on sand. It was not only the ailing defence minister Marshal Sokolov who was to blame, but probably the entire Soviet High Command, who did not draw the necessary conclusions from the

South Korean plane incident. Sokolov had more than just ministerial responsibility to account for. In the past, when the air defence system was being planned, he had been the commander in chief of the Leningrad military region, and it was exactly in this area, at the Finnish border, that the German pilot crossed through the Soviet air defence system.

THE NEW Soviet minister of defence represents conventional forces, and his nomination could well augur a totally new Soviet strategy. This strategy might strongly influence Soviet arms negotiations with the West, since it demonstrates to all Mikhail Gorbachev's local opponents just how badly the USSR needs such a comprehensive arms control agreement.

It is now evident that Gorbachev's leadership has come up against stiff resistance from the Soviet High Command to all innovations in foreign and domestic policy: otherwise the new defence minister would have been chosen from among its ranks. There have been signs of a certain

military opposition to Gorbachev for two years now. It seems that the staunchest of his opponents, Volodimir Shcherbitsky and Dina-mukhamed Kunayev, enjoyed some support within the High Command. In December 1985, when rumours spread that they were to be demoted, they found sudden support in the army. In that month Shcherbitsky and Kunayev appeared on the same day as speakers at meetings of their respective military regions, Kiev and Alma-Ata. This meant political survival: Kunayev lasted another year, while Shcherbitsky is still in office.

Sokolov's lightning dismissal and replacement by Yazov indicates that a military purge in the USSR has been in the works for a long time, and that Yazov was not selected in a few hours.

Nor can one exclude the possibility that the flight to Red Square was part of some sophisticated intrigue planned by Gorbachev's allies in the KGB, or in military intelligence, to force the Soviet High Command into a corner. Even so, it could only have worked because the Soviet air defence system is inefficient.

Despite the current negative implications of Soviet foreign policy,

Gorbachev has evidently scored an important political victory against his domestic opponents. He now has a persuasive argument to influence basic Soviet security. Not only the economy had been corrupted under Brezhnev.

In light of the fact that the Central Party session is scheduled to convene on June 10, the present military purge has serious political implications. It could well signal a change in the internal Soviet political balance, as did Kunayev's dismissal on the eve of the preceding Central Party Committee session in January.

Purges may also be expected in the Leningrad party organization, which is political responsible for its military region. Its former boss, Grigory Romanov, was dismissed soon after Gorbachev's nomination as secretary-general. However, many of Romanov's people not only remained in their positions in Leningrad, but were promoted to different national positions.

Another Soviet enigma may soon be unravelled as well: the strange actions of Soviet submarines in Swedish waters. Was their irresponsible behaviour part of the Kremlin plot ad hoc, or was it an act of defiance by the Leningrad military, which has long been a focus of hard-line political opposition to all innovations in Soviet foreign and domestic policy?

The writer is a member of the Soviet and Eastern European Research Centre at the Hebrew University.

READERS' LETTERS

RURAL ARAB SECULARISM

To the Editor of The Jerusalem Post
 Sir, — Much has been said and written about the Islamic revival in Israel and the Arab countries, while failing to take note of a parallel secular movement in the Israeli Arab villages.

The town of Umm el-Fahm, for example, is frequently singled out for its religious fundamentalism. In fascinating counterpoint is the rise of al-Hadaf, a grass-roots organization founded in 1984 in response to rising nationalism. Al-Hadaf is a combination service and social action organization, responding to the insufficiency of federal and local aid, and — no less — to the concomitant rise of fundamentalism.

The main areas of activity of al-Hadaf are computer literacy courses for children, music and cultural evenings, adult education classes, and a special project to address illiteracy and lack of marketable skills among women. The organization is

also in the process of surveying the needs of two problematic population groups — school dropouts and the elderly — with a view toward devising programmes beneficial to them.

The work of al-Hadaf in Umm el-Fahm is not unique in rural Israel. The same kind of work is carried on by Altabari in Jellulia, by the Development Committee of Kfar Salem, and by many others throughout the countryside. These organizations respond to both the shortage of state-provided services and to the growing extremism.

While not political in any sense, the work of these organizations clearly undermines religious fanaticism by broadening the educational base and providing constructive awareness to deal with social ills. The New Israel Fund applauds and supports such efforts.

GILA SVIRSKY
 Director in Israel,
 The New Israel Fund
 Jerusalem.

PEACE AND THE ECONOMY

To the Editor of The Jerusalem Post
 Sir, — In his article of May 10, Pinhas Landau states that there is no (apparent) connection between aliyah, yerida and the issues of "war and peace, the territories, the Arabs, and so on," particularly in the last decade. While he does admit the burden of reserve duty and notes the issues of homes and jobs, he does not see the link with questions of war and peace and so forth.

Note that there has been little or no per capita growth in the gross national product since 1980. Since 1967, Israel has spent on average over one-quarter of its GNP on defence, as compared to less than one-tenth prior to 1967. Investment (the key to the future) has sunk to new lows. Increasingly, the country is being corrupted socially, politically and economically by the huge defence effort and the continued occupation and creeping annexation of the largely indigestible West Bank and Gaza Strip.

It is impossible to separate the

overextended periods of reserve duty and the lack of satisfactory economic prospects — namely jobs and housing — from the exaggerated military budgets and lack of adequate investment.

A regional peace bought at the price of giving up the occupied territories and resulting in the profitable integration of Israel into its natural economic hinterland would result (by my research findings) in a net increase in civilian product (GNP less defence) of some 50 per cent over that resulting from the continuation of the present stalemate after a decade.

The increased economic prospects combined with the new spirit of developing in a peaceful Israel would make it more attractive to both potential yordim and to the type of idealistic olim we used to get, as well as those potential olim looking after their own self-interests.

DR. SIMCHA BAHIRI
 Tel Aviv.

FAMILY REUNION

To the Editor of The Jerusalem Post
 Sir, — I read David Krivine's article of May 19, "The Human Factor."

Of course, it is possible that the authorities concerned are aware of some negative facts (from Israel's point of view) about the woman concerned or about her family, but barring such special knowledge, it is simply unbelievable that we expect the Russians to release people for family reunions, yet refuse permis-

sion to an Israeli citizen to have her mother join her because she has a different nationality — the prime reason being, I suppose, that she is not Jewish.

From morning to night, we complain about what other people do to us. What about first putting our own house in order and seeing to it that we don't lose our humanity?

RUTH GANAN
 Kibbutz Beit Hashita.

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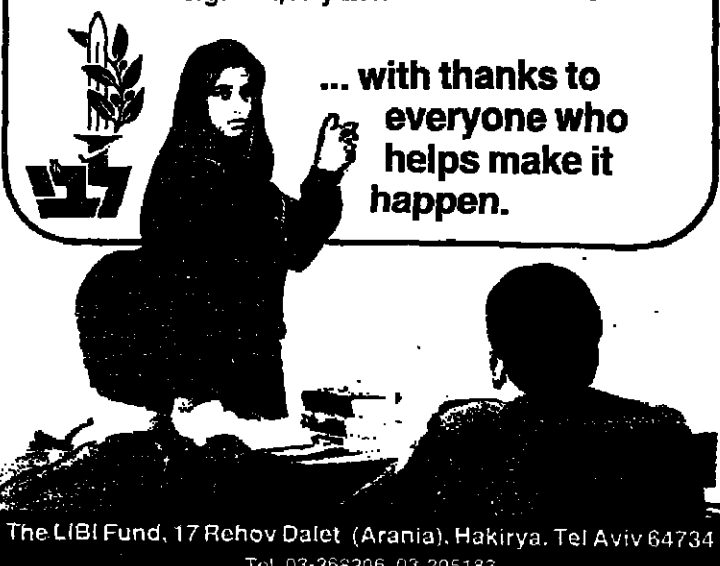
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As a result of an amendment to an agreement between Israel and the Federal German Republic, effective January 1, 1987, under certain circumstances, a period spent by a Jew in *hachshara* in Germany can be considered a qualifying period for the purposes of German social insurance benefits (retirement, disability, survivors pensions).

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